

**South Western Oklahoma Development Authority**

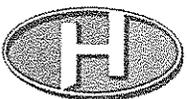
**Financial Statements  
with Independent Auditors' Report**

**June 30, 2016 and 2015**



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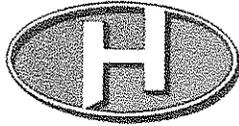
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## Independent Auditors' Report

Board of Trustees  
South Western Oklahoma Development Authority  
Burns Flat, Oklahoma

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

We have audited the accompanying financial statements of the South Western Oklahoma Development Authority as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the South Western Oklahoma 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 this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion and based upon the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the South Western Oklahoma Development Authority as of June 30, 2016 and 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

5028 E. 101st Street

Tulsa, OK 74137

TEL: 918.492.3388

FAX: 918.492.4443

[www.SBAdvisors.com](http://www.SBAdvisors.com)

**Other Matters**

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through vii and pension information will be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining statements and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not required as part of the basic financial statements.

The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements 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 November 28, 2016 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the 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* in considering the Authority's internal control over financial reporting and compliance.

Hitch & Company, PC

Tulsa, Oklahoma  
October 25, 2016



**South Western Oklahoma Development Authority**  
**Management's Discussion and Analysis**  
**June 30, 2016**

The following discussion and analysis of South Western Oklahoma Development Authority's (SWODA) financial performance provides an overview of SWODA's financial activities for the year ended June 30, 2016. Please read it in conjunction with SWODA's financial statements.

**FINANCIAL HIGHLIGHTS**

- ❖ The assets of South Western Oklahoma Development Authority exceeded its liabilities at the close of the year by \$ 2,431,499 (net position). Of this amount, \$ 2,040,051 (unrestricted net position) may be used to meet the government's ongoing obligations to members and creditors.
- ❖ As of the close of the current year the South Western Oklahoma Development Authority's governmental funds reported ending fund balance of \$ 1,911,528. Approximately \$ 1,872,872 is available for spending at the government's discretion (assigned and unassigned fund balance).

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to South Western Oklahoma Development Authority's basic financial statements. SWODA'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 South Western Oklahoma 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 South Western Oklahoma Development Authority's finances, in a manner similar to a private-sector business.

**The Statement of Net Position**

The statement of net position presents information on all of South Western Oklahoma Development Authority's assets and liabilities, with the difference between the two reported as net position. You can think of SWODA'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 SWODA.

## The Statement of Activities

The statement of activities presents information showing how SWODA'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).

In the *Statement of Net Position* and the *Statement of Activities*, we divide the financial activities of South Western Oklahoma Development Authority into two types:

**Governmental activities**—Most of SWODA's basic services and programs are reported here, including general government, Employment & Training, Aging Services, Economic and Community Development, Public Safety, and Transportation Planning. Contracts with members and other governmental entities, as well as state and federal grants, finance most of these activities.

**Business-type activities**—SWODA charges fees to non-members (customers) for services and facilities to help cover all or a part of the cost of providing those services and maintaining facilities. SWODA's housing construction operation is included in these 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 South Western Oklahoma 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 South Western Oklahoma Development Authority can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds**—Most of SWODA'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 SWODA'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.

SWODA 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**—Enterprise funds (a component of proprietary funds) are used to report the same functions presented as business-type activities in the government-wide financial statements. SWODA uses enterprise funds to account for its housing construction operation.

**Fiduciary funds**—Fiduciary funds are used to report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the government's own programs. SWODA acts as a fiduciary agent for the Oklahoma Association of Regional Councils and the Wireless Holding fund.

## The Organization As A Whole

### Net Position

As noted earlier, net position may serve over time as a useful indicator of South Western Oklahoma Development Authority's financial position. For the year ended June 30, 2016, SWODA's net position increased by \$ 65,065 to \$ 2,431,499. Business-Type activities net position decreased due to an decrease in housing construction in progress and slowdown of housing construction activities and sales during the year. Governmental activities net position increased due to results of operations.

Current assets (see Table 1) contain \$ 907,357 of Rural Economic Action Plan funds which have been awarded, but for which projects are not yet completed. Deferred revenues, related to these same REAP funds, of \$ 897,354 are shown (Table 1) in current liabilities.

**Table 1**  
**South Western Oklahoma Development Authority's Net Position**  
**June 30, 2016 and 2015**

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Current assets	\$ 3,018,306	\$ 3,064,018	\$ (45,516)	\$ (167,401)	\$ 2,972,790	\$ 2,896,617
Capital and other	352,792	399,751	365,000	567,288	717,792	967,039
Total assets	3,371,098	3,463,769	319,484	399,887	3,690,582	3,863,656
Deferred outflows	188,938	172,459	4,448	4,090	193,386	176,549
Current liabilities	1,066,308	1,076,516	4,553	34,417	1,070,861	1,110,933
Long-term liabilities	204,489	117,654	4,814	2,790	209,303	120,444
Total liabilities	1,270,797	1,194,170	9,367	37,207	1,280,164	1,231,377
Deferred inflows	168,342	432,146	3,963	10,248	172,305	442,394
Net position:						
Net investment in						
capital assets	352,792	399,751	-	-	352,792	399,751
Restricted	38,656	17,054	-	-	38,656	17,054
Unrestricted	1,729,449	1,593,107	310,602	356,522	2,040,051	1,949,629
Total net position	\$ 2,120,897	\$ 2,009,912	\$ 310,602	\$ 356,522	\$ 2,431,499	\$ 2,366,434

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 total \$ 1,729,449. An additional portion of SWODA's net position (\$ 38,656) represents resources that are subject to external restrictions on how they may be used. These restrictions apply to governmental activities such as the Revolving Loan program, Area Agency on Aging, and other grant based programs in which SWODA participates.

## Governmental Activities

For the year ended June 30, 2016, net position increased by \$ 110,985 to \$ 2,120,897. Table 2 illustrates the change in net position due to governmental activities. SWODA's three major governmental programs are displayed to provide additional detail for analysis.

**Table 2**  
**South Western Oklahoma Development Authority's**  
**Governmental Activities**  
**June 30, 2016**

	Governmental Activities				
	Employment and Training	Aging Services	Community Development	All Other Government	Total
Program revenues:					
Charges for services	\$ 167,061	\$ 515,496	\$ 87,665	\$ 323,950	\$ 1,094,172
Grants/contributions	399,757	951,766	995,887	243,963	2,591,373
General revenues	-	-	-	70,990	70,990
Total revenues	<u>566,818</u>	<u>1,467,262</u>	<u>1,083,552</u>	<u>638,903</u>	<u>3,756,535</u>
Expenses:					
Program expenses	<u>535,029</u>	<u>1,396,901</u>	<u>1,060,488</u>	<u>653,132</u>	<u>3,645,550</u>
Total expenses	<u>535,029</u>	<u>1,396,901</u>	<u>1,060,488</u>	<u>653,132</u>	<u>3,645,550</u>
Changes in net position:					
Net increase or (decrease)	<u>\$ 31,789</u>	<u>\$ 70,361</u>	<u>\$ 23,064</u>	<u>\$ (14,229)</u>	<u>\$ 110,985</u>

SWODA's Aging Services activities consist of three separate programs, Area Agency on Aging, Case Management (Advantage services), and the CENA program. Case Management services are provided to elderly residents in the SWODA district who wish to stay at home rather than enter long-term care facilities. During the current year, the increase in net position for Aging services is due to an increase in case management billing.

Community development activities decreased net position as of June 30, 2016 by \$ 23,064, mostly due to longer term projects that completed to billing phases.

All other government activities decreased net position by \$ (14,229). The decrease is due to results of normal operations.

## Business-type Activities

The *Statement of Activities* shows an overall decrease of \$ (45,920) in net position for the period. These funds account for the operation of the housing construction projects. The current year decrease was due to a decrease in houses held for sale and results of operations due to a slowdown in housing construction and sales.

## Fund Balance

The *Statement of Revenues, Expenses, and Changes in Fund Balance—Governmental Funds* shows SWODA's total governmental fund balance decreased \$ (27,720) since last year due to results of normal operation.

## **Budgetary Highlights**

As directed by Title 60, Oklahoma Statutes, Sections 176 et seq. SWODA (a public trust) is required to report, at least annually, the budget and financial condition of the trust to its beneficiaries. SWODA'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; SWODA's budget is intended to be a guide for management of the trust to follow during day-to-day operations.

SWODA'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 SWODA'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 SWODA'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 SWODA's budgetary process and the complexity of the numerous budget periods, a complete budgetary comparison of SWODA is confusing and of little significance in evaluating the financial management of the trust. All major revisions or variations made to the general government and indirect allocation budgets during the year are approved by the board of trustees and documented in the minutes of the trust.

## **Capital asset information**

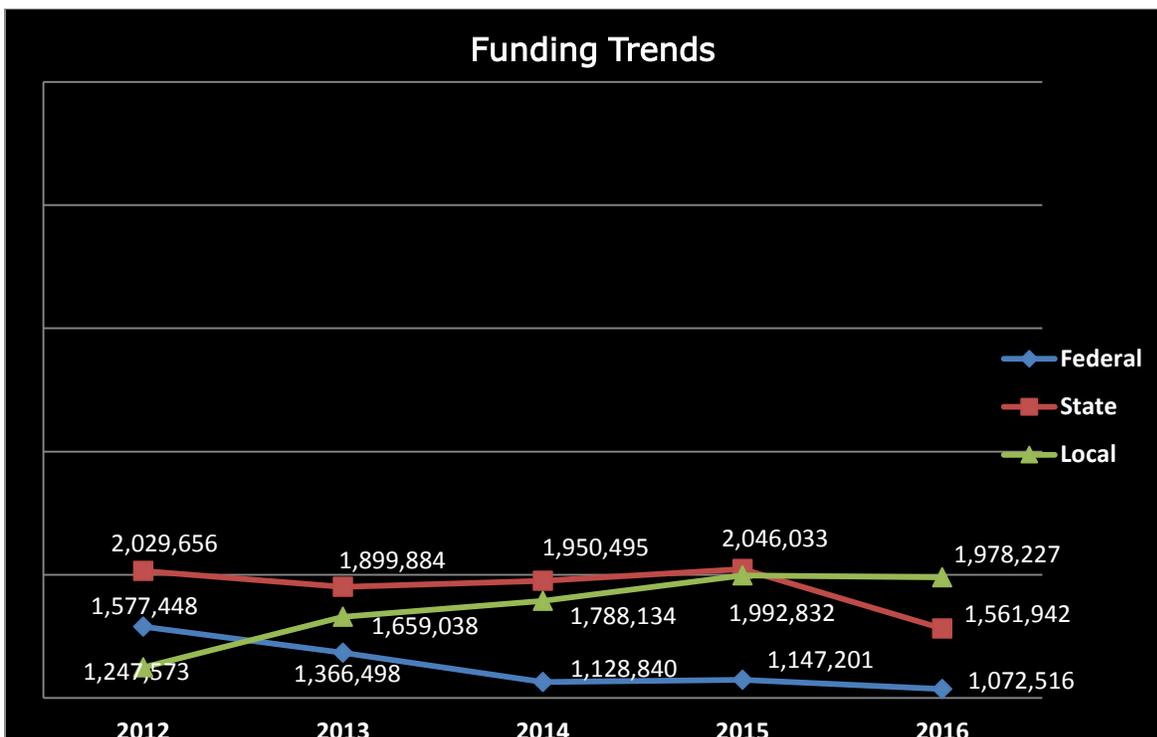
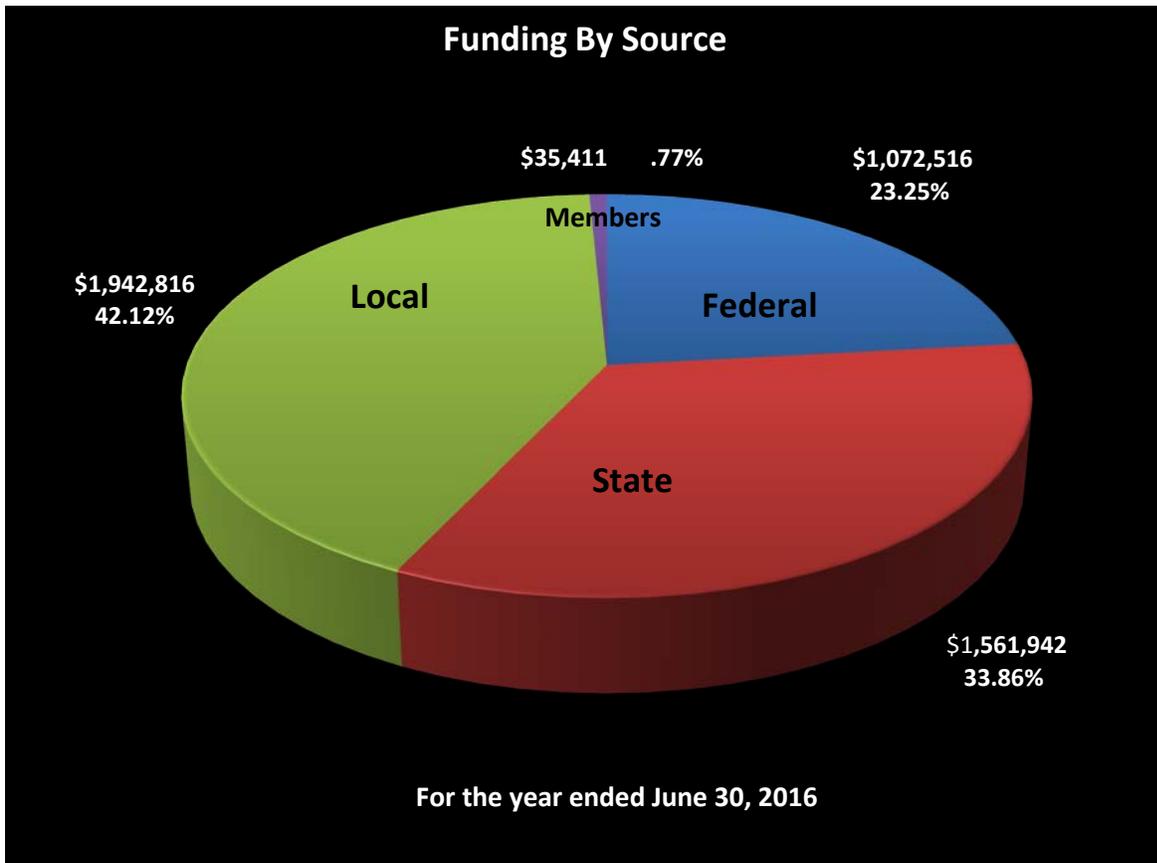
As of June 30, 2016, SWODA had \$ 352,792 invested in capital assets, which is a net decrease from the previous year balance of \$ 399,751 due primarily to current depreciation expense.

## **Debt administration**

SWODA had no debt outstanding during the year ended June 30, 2016.

## **Economic factors and funding dependence**

The graphs on the following page illustrate SWODA's dependency on State and Federal funding. As noted previously in this discussion, the State and Federal economies influence SWODA's overall health. Revenue shortfalls and subsequent budget reductions pose a risk to SWODA's various government funded grants and contracts. Management has tried to mitigate this risk by building an unrestricted reserve \$ 2,040,051 and investing resources into strong local programs.



## **Contacting SWODA's Financial Management**

This financial report is designed to provide our members, district residents, government agencies, customers and creditors with a general overview of South Western Oklahoma Development Authority's finances and to show SWODA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the SWODA Administration office at Building 420 Sooner Drive, Post Office Box 569, Burns Flat, Oklahoma, 73624 or telephone us at 580-562-4882.

A handwritten signature in black ink that reads "Michael Ryburn". The signature is written in a cursive, flowing style.

MICHAEL RYBURN / Director of Business Development & Finance



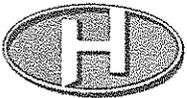
**South Western Oklahoma Development Authority**  
**Statements of Net Position**  
**June 30, 2016 and 2015**

	2016			2015		
	Government Activities	Business-type Activities	Total	Government Activities	Business-type Activities	Total
<b>Assets</b>						
Cash	\$ 1,817,536	\$ 501	\$ 1,818,037	\$ 937,400	\$ 1,001	\$ 938,401
Investments	597,645	—	597,645	1,576,812	—	1,576,812
Accounts receivable	538,029	—	538,029	373,832	—	373,832
Due from other fund	46,017	—	46,017	168,402	—	168,402
Prepaid expenses	19,079	—	19,079	7,572	—	7,572
Assets held for sale	—	365,000	365,000	—	567,288	567,288
Capital assets, net	<u>352,792</u>	—	<u>352,792</u>	<u>399,751</u>	—	<u>399,751</u>
Total Assets	<u>3,371,098</u>	<u>365,501</u>	<u>3,736,599</u>	<u>3,463,769</u>	<u>568,289</u>	<u>4,032,058</u>
<b>Deferred Outflows of Resources</b>						
Deferred amounts from pensions	188,938	4,448	193,386	172,459	4,090	176,549
Total Liabilities	<u>188,938</u>	<u>4,448</u>	<u>193,386</u>	<u>172,459</u>	<u>4,090</u>	<u>176,549</u>
<b>Liabilities</b>						
Accounts payable and accrued expense	143,226	4,553	147,779	186,740	34,417	221,157
Due from other fund	—	46,017	46,017	—	168,402	168,402
Net pension liability	204,489	4,814	209,303	117,654	2,790	120,444
Unearned revenue	<u>923,082</u>	—	<u>923,082</u>	<u>889,776</u>	—	<u>889,776</u>
Total Liabilities	<u>1,270,797</u>	<u>55,384</u>	<u>1,326,181</u>	<u>1,194,170</u>	<u>205,609</u>	<u>1,399,779</u>
<b>Deferred Inflows of Resources</b>						
Deferred amounts from pensions	168,342	3,963	172,305	432,146	10,248	442,394
Total Liabilities	<u>168,342</u>	<u>3,963</u>	<u>172,305</u>	<u>432,146</u>	<u>10,248</u>	<u>442,394</u>
<b>Net Position</b>						
Net investment in capital assets	352,792	—	352,792	399,751	—	399,751
Restricted for:						
Expendable	18,947	—	18,947	9,482	—	9,482
Nonexpendable	19,709	—	19,709	7,572	—	7,572
Unrestricted	<u>1,729,449</u>	<u>310,602</u>	<u>2,040,051</u>	<u>1,593,107</u>	<u>356,522</u>	<u>1,949,629</u>
Total Net Position	<u>\$ 2,120,897</u>	<u>\$ 310,602</u>	<u>\$ 2,431,499</u>	<u>\$ 2,009,912</u>	<u>\$ 356,522</u>	<u>\$ 2,366,434</u>



**South Western Oklahoma Development Authority**  
**Statement of Activities**  
**June 30, 2016**

	Program Revenues			Net Revenue (Expense) and Changes in Net Position			
	Program Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Government activities</b>							
General government	\$ 106,546	\$ --	\$ --	\$ --	\$ (106,546)	\$ --	\$ (106,546)
Employment & Training	535,029	167,061	399,757	--	31,789	--	31,789
Aging Services	1,396,901	515,496	951,766	--	70,361	--	70,361
Transportation Planning	80,725	--	72,233	--	(8,492)	--	(8,492)
Economic development	167,568	45,950	105,230	--	(16,388)	--	(16,388)
Public safety	298,293	278,000	66,500	--	46,207	--	46,207
Community development	1,060,488	87,665	995,887	--	23,064	--	23,064
<b>Total Government Activities</b>	<b>3,645,550</b>	<b>1,094,172</b>	<b>2,591,373</b>	<b>--</b>	<b>39,995</b>	<b>--</b>	<b>39,995</b>
<b>Business-type activities</b>							
Housing development	913,070	856,150	--	11,000	--	(45,920)	(45,920)
<b>Total business-type activities</b>	<b>913,070</b>	<b>856,150</b>	<b>--</b>	<b>11,000</b>	<b>--</b>	<b>(45,920)</b>	<b>(45,920)</b>
<b>Total Government</b>	<b>\$ 4,558,620</b>	<b>\$ 1,950,322</b>	<b>\$ 2,591,373</b>	<b>\$ 11,000</b>	<b>39,995</b>	<b>(45,920)</b>	<b>(5,925)</b>
General revenues:							
Interest Income					16,018	--	16,018
Gain (Loss) on disposition of assets					(206)	--	(206)
Other income					55,178	--	55,178
Total general revenues					70,990	--	70,990
<b>Change in Net Assets</b>					110,985	(45,920)	65,065
<b>Net Assets -- beginning of year</b>					2,009,912	356,522	2,366,434
<b>Net Assets -- ending of year</b>					<b>\$ 2,120,897</b>	<b>\$ 310,602</b>	<b>\$ 2,431,499</b>



**South Western Oklahoma Development Authority**  
**Statement of Activities**  
**June 30, 2015**

	Program Revenues			Net Revenue (Expense) and Changes in Net Position			
	Program Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Government activities</b>							
General government	\$ 86,854	\$ 4,510	\$ —	\$ —	\$ (82,344)	\$ —	\$ (82,344)
Employment & Training	668,947	181,321	518,617	—	30,991	—	30,991
Aging Services	1,512,798	481,325	993,258	—	(38,215)	—	(38,215)
Rural Economic Action Plan	49,037	—	53,728	—	4,691	—	4,691
Economic development	145,172	26,945	126,695	—	8,468	—	8,468
Public safety	269,830	289,000	70,000	—	89,170	—	89,170
Community development	1,602,092	90,551	1,430,436	—	(81,105)	—	(81,105)
Total Government Activities	<u>4,334,730</u>	<u>1,073,652</u>	<u>3,192,734</u>	<u>—</u>	<u>(68,344)</u>	<u>—</u>	<u>(68,344)</u>
<b>Business-type activities</b>							
Housing development	700,863	688,576	—	45,000	—	32,713	32,713
Total business-type activities	<u>700,863</u>	<u>688,576</u>	<u>3,192,734</u>	<u>45,000</u>	<u>—</u>	<u>32,713</u>	<u>32,713</u>
Total Government	<u>\$ 5,035,593</u>	<u>\$ 1,762,228</u>	<u>\$ 3,192,734</u>	<u>\$ 45,000</u>	<u>(68,344)</u>	<u>32,713</u>	<u>(35,631)</u>
General revenues:							
Interest Income					17,589	—	17,589
Gain (Loss) on disposition of assets					(571)	—	(571)
Other Income					92,520	—	92,520
Total general revenues					<u>109,538</u>	<u>—</u>	<u>109,538</u>
Change in Net Assets					41,194	32,713	73,907
Net Assets – beginning of year					<u>1,968,718</u>	<u>323,809</u>	<u>2,292,527</u>
Net Assets – ending of year					<u>\$ 2,009,912</u>	<u>\$ 356,522</u>	<u>\$ 2,366,434</u>



**South Western Oklahoma Development Authority**  
**Governmental Funds Balance Sheet**  
**June 30, 2016**

	General Fund	Employment & Training	Advantage Case Mgmt	Area Agency on Aging	Rural Economic Action Plan	Enhanced 911	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>								
Cash	922,797	(73,949)	166,202	(16,798)	139,399	530,945	148,940	1,817,536
Investments	—	—	—	—	597,645	—	—	597,645
Accounts receivable	790	91,525	49,166	76,575	170,313	—	109,190	497,559
Prepaid expense	19,079	—	—	—	—	—	—	19,079
Due from Other Fund	46,017	—	—	—	—	—	—	46,017
Deposits	—	—	—	—	—	—	—	—
<b>Total Assets</b>	<u>\$ 988,683</u>	<u>\$ 17,576</u>	<u>\$ 215,368</u>	<u>\$ 59,777</u>	<u>\$ 907,357</u>	<u>\$ 530,945</u>	<u>\$ 258,130</u>	<u>\$ 2,977,836</u>
<b>Liabilities</b>								
Accounts payable and Accrued exp. Due to other fund	31,418	12,796	13,744	59,777	1,351	4,061	20,079	143,226
Unearned revenue	—	—	—	—	897,354	—	25,728	923,082
<b>Total Liabilities</b>	<u>31,418</u>	<u>12,796</u>	<u>13,744</u>	<u>59,777</u>	<u>898,705</u>	<u>4,061</u>	<u>45,807</u>	<u>1,066,308</u>
<b>Fund Balance</b>								
Nonspendable	19,709	—	—	—	—	—	—	19,709
Restricted	—	4,780	—	—	8,652	—	5,515	18,947
Assigned	—	—	201,624	—	—	526,884	206,808	935,316
Unassigned	937,556	—	—	—	—	—	—	937,556
<b>Total Fund Balance</b>	<u>957,265</u>	<u>4,780</u>	<u>201,624</u>	<u>—</u>	<u>8,652</u>	<u>\$ 526,884</u>	<u>\$ 212,323</u>	<u>1,911,528</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 988,683</u>	<u>\$ 17,576</u>	<u>\$ 215,368</u>	<u>\$ 59,777</u>	<u>\$ 907,357</u>	<u>\$ 530,945</u>	<u>\$ 258,130</u>	<u>\$ 2,977,836</u>



**South Western Oklahoma Development Authority**  
**Governmental Funds Statement of Revenues, Expenditures**  
**And Changes in Fund Balance**  
**Year Ended June 30, 2016**

	General Fund	Employment & Training	Advantage Case Mgmt	Area Agency on Aging	Rural Economic Action Plan	Enhanced 911	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>								
Federal grants	--	399,757	--	457,964	--	--	173,966	1,031,687
State grants and appropriations	--	--	--	312,849	995,887	--	250,950	1,559,686
Local charges and services	19,767	167,061	486,388	--	--	270,000	170,723	1,113,939
Members' dues and Assessments	35,411	--	--	--	--	--	--	35,411
Interest revenue	10,100	--	--	--	4,385	--	1,533	16,018
Match revenue	(80,917)	11,410	(44,554)	44,026	(59,506)	--	129,541	--
Total Assets	<u>(15,639)</u>	<u>578,228</u>	<u>441,834</u>	<u>814,839</u>	<u>940,766</u>	<u>270,000</u>	<u>726,713</u>	<u>3,756,741</u>
<b>Expenses</b>								
Salaries	7,121	188,395	220,583	115,452	6,434	133,673	276,966	948,624
Fringe benefits	7,689	94,943	106,956	54,495	2,796	64,104	120,000	450,983
Indirect costs	1,873	59,890	68,783	35,638	1,888	41,332	83,063	292,467
Travel	636	12,077	15,870	9,883	1,276	5,907	26,362	72,011
Other expense	40,877	13,062	31,068	8,801	1,275	6,829	18,540	120,452
Program costs	--	130,413	--	--	--	--	28,636	159,049
Pass-through grants	--	74,668	--	590,570	923,020	--	152,617	1,740,875
Capital Outlays	--	--	--	--	--	--	--	--
Total Expenses	<u>58,196</u>	<u>573,448</u>	<u>443,260</u>	<u>814,839</u>	<u>936,689</u>	<u>251,845</u>	<u>706,184</u>	<u>3,784,461</u>
<b>Net Change in Fund Balances</b>	(73,835)	4,780	(1,426)	--	4,077	18,155	20,529	(27,720)
Principal received on notes receivable	--	--	--	--	--	--	7,584	7,584
Payments to EDA	--	--	--	--	--	--	(7,785)	(7,785)
Fund Balances, Beginning of Year	<u>1,031,100</u>	<u>--</u>	<u>203,050</u>	<u>--</u>	<u>4,575</u>	<u>508,729</u>	<u>191,995</u>	<u>1,939,449</u>
Fund Balances, End of Year	<u>\$ 957,265</u>	<u>\$ 4,780</u>	<u>\$ 201,624</u>	<u>\$ --</u>	<u>\$ 8,652</u>	<u>\$ 526,884</u>	<u>\$ 212,323</u>	<u>\$ 1,911,528</u>

**South Western Oklahoma Development Authority**  
**Reconciliation of Governmental Funds and**  
**Government-wide Financial Statements**  
**Years Ended June 30, 2016**

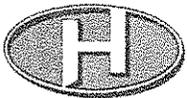
**Reconciliation of the Government Funds Balance  
Sheet to the Statement of Net Assets**

Total fund balances – governmental funds	\$ 1,911,528
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>	
Notes receivable	40,470
Capital assets, net of accumulated depreciation	352,792
Pension related deferred outflows	188,938
 <i>Liabilities are not due and payable in the current period, and therefore, are not reported as liabilities in the funds.</i>	
Net pension liability	(204,489)
Pension related deferred inflows	<u>(168,342)</u>
Net assets of governmental activities	<u>\$ 2,120,897</u>

**Reconciliation of the Statement of Revenues,  
Expenditures and Changes in fund Balance of  
Governmental funds to the Statement of Activities**

Net change in fund balance – governmental funds	\$ (27,921)
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>	
Governmental funds report capital outlays and issue costs as expenditures, while governmental activities report depreciation and amortization expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	3,050
Depreciation expense	(49,803)
Capital asset disposition, net	(206)
Financing transactions with small business entities through the revolving loan funds used current financial resources when new loans are made and provide current financial resources as repayments are received. However, neither transaction has an effect on net assets.	
Principal received on notes receivable	(7,583)
Some expense in the statement of activities do not require the use of current financial resources and, therefore, are not reported in government funds	
Pension related expenses, net change	<u>193,448</u>
Change in Net Assets – governmental activities	<u>\$ 110,985</u>





**South Western Oklahoma Development Authority**  
**Governmental Funds Balance Sheet**  
**June 30, 2015**

	General Fund	Employment & Training	Advantage Case Managt	Aging Services	Rural Economic Action Plan	Enhanced 911	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>								
Cash	289,344	(68,534)	164,474	(27,252)	92,824	512,112	142,834	1,105,802
Investments	753,177	—	18,693	—	804,942	—	—	1,576,812
Accounts receivable	1,126	83,144	36,381	127,357	—	—	77,771	325,779
Inventory	7,572	—	—	—	—	—	—	7,572
Due from Other Fund	—	—	—	—	—	—	—	—
Deposits	—	—	—	—	—	—	—	—
<b>Total Assets</b>	<u>\$ 1,051,219</u>	<u>\$ 14,610</u>	<u>\$ 219,548</u>	<u>\$ 100,105</u>	<u>\$ 897,766</u>	<u>\$ 512,112</u>	<u>\$ 220,605</u>	<u>\$ 3,015,965</u>
<b>Liabilities</b>								
Accounts payable and Accrued exp.	20,119	14,610	16,498	100,105	12,243	3,383	19,782	186,740
Due to other fund	—	—	—	—	—	—	—	—
Unearned revenue	—	—	—	—	880,948	—	8,828	889,776
<b>Total Liabilities</b>	<u>20,119</u>	<u>14,610</u>	<u>16,498</u>	<u>100,105</u>	<u>893,191</u>	<u>3,383</u>	<u>28,610</u>	<u>1,076,516</u>
<b>Fund Balance</b>								
Nonspendable	7,572	—	—	—	—	—	—	7,572
Restricted	—	—	—	—	4,575	—	4,907	9,482
Assigned	—	—	203,050	—	—	508,729	187,088	898,867
Unassigned	1,023,528	—	—	—	—	—	—	1,023,528
<b>Total Fund Balance</b>	<u>1,031,100</u>	<u>—</u>	<u>203,050</u>	<u>\$ —</u>	<u>\$ 4,575</u>	<u>\$ 508,729</u>	<u>\$ 191,995</u>	<u>1,939,449</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 1,051,219</u>	<u>\$ —</u>	<u>\$ 219,548</u>	<u>\$ 100,105</u>	<u>\$ 897,766</u>	<u>\$ 512,112</u>	<u>\$ 220,605</u>	<u>\$ 3,015,965</u>



**South Western Oklahoma Development Authority**  
**Governmental Funds Statement of Revenues, Expenditures**  
**And Changes in Fund Balance**  
**Year Ended June 30, 2015**

	General Fund	Employment & Training	Advantage Case Mgmt	Aging Services	Rural Economic Action Plan	Enhanced 911	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>								
Federal grants	—	518,617	—	483,753	—	—	148,728	1,151,098
State grants and appropriations	—	—	—	326,492	1,430,436	—	284,708	2,041,636
Local charges and services	20,808	181,321	431,070	—	—	270,000	186,752	1,089,951
Members' dues and Assessments	38,722	—	—	—	—	—	—	38,722
Interest revenue	10,143	—	—	—	4,947	—	2,499	17,589
In-kind revenue	—	—	—	—	—	—	—	—
Match revenue	(71,240)	373	(28,683)	28,683	(58,117)	—	128,984	—
Total Assets	<u>(1,567)</u>	<u>700,311</u>	<u>402,387</u>	<u>838,928</u>	<u>1,377,266</u>	<u>270,000</u>	<u>751,671</u>	<u>4,338,996</u>
<b>Expenses</b>								
Salaries	11,672	177,264	227,975	118,636	4,675	97,615	267,879	905,716
Fringe benefits	8,973	80,622	109,652	55,034	2,105	47,005	119,728	423,119
Indirect costs	3,204	57,187	74,679	38,392	1,471	31,820	85,410	292,163
Travel	7,068	18,153	16,343	12,075	—	6,384	27,335	87,358
Other expense	31,498	8,013	65,362	8,400	2,868	11,682	23,852	151,675
Program costs	—	258,094	—	—	—	—	48,037	306,131
Pass-through grants	—	100,978	—	605,431	1,381,782	—	170,798	2,258,989
Capital Outlays	18,564	—	501	960	—	—	559	20,594
Total Expenses	<u>80,979</u>	<u>700,311</u>	<u>494,512</u>	<u>838,928</u>	<u>1,392,901</u>	<u>194,506</u>	<u>743,608</u>	<u>4,445,745</u>
<b>Net Change in Fund Balances</b>	(82,546)	—	(92,125)	—	(15,635)	75,494	8,063	(106,749)
Principal received on notes receivable	—	—	—	—	—	—	13,714	13,714
Payments to EDA	—	—	—	—	—	—	(10,495)	(10,495)
<b>Fund Balances, Beginning of Year</b>	<u>1,113,646</u>	—	<u>295,175</u>	—	<u>20,210</u>	<u>433,235</u>	<u>180,713</u>	<u>2,042,979</u>
<b>Fund Balances, End of Year</b>	<u>\$ 1,031,100</u>	\$ —	<u>\$ 203,050</u>	\$ —	<u>\$ 4,575</u>	<u>\$ 508,729</u>	<u>\$ 191,995</u>	<u>\$ 1,939,449</u>

**South Western Oklahoma Development Authority**  
**Governmental Funds Statement of Revenues, Expenditures**  
**And Changes in Fund Balance**  
**Year Ended June 30, 2015**

**Reconciliation of the Government Funds Balance  
Sheet to the Statement of Net Assets**

Total fund balances – governmental funds \$ 1,939,449

*Amounts reported for governmental activities in the Statement of Net Assets are different because:*

Notes receivable 48,053  
Capital assets, net of accumulated depreciation 399,751  
Pension related deferred outflows 172,459

*Liabilities are not due and payable in the current period, and therefore, are not reported as liabilities in the funds.*

Net pension liability (117,654)  
Pension related deferred inflows (432,146)

Net assets of governmental activities \$ 2,009,912

**Reconciliation of the Statement of Revenues,  
Expenditures and Changes in fund Balance of  
Governmental funds to the Statement of Activities**

Net change in fund balance – governmental funds \$ (103,530)

*Amounts reported for governmental activities in the Statement of Activities are different because:*

Governmental funds report capital outlays and issue costs as expenditures, while governmental activities report depreciation and amortization expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized 14,325  
Depreciation expense (50,532)  
Capital asset disposition, net (571)

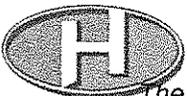
Financing transactions with small business entities through the revolving loan funds used current financial resources when new loans are made and provide current financial resources as repayments are received. However, neither transaction has an effect on net assets.

Principal received on notes receivable (13,714)  
Recovery of bad debt 37,500

Some expense in the statement of activities do not require the use of current financial resources and, therefore, are not reported in government funds

Pension related expenses, net change 157,717

Change in Net Assets – governmental activities \$ 41,195



**South Western Oklahoma Development Authority**  
**Statements of Net Position**  
**Proprietary Funds**  
**June 30, 2016 and 2015**

	2016	2015
<b>Assets</b>		
Cash	\$ 501	\$ 1,001
Assets held for sale	<u>365,000</u>	<u>567,288</u>
Total Assets	<u>365,501</u>	<u>568,289</u>
 <b>Deferred Inflows of Resources</b>		
Deferred amounts related to pension	<u>4,448</u>	<u>4,090</u>
Total Liabilities	<u>4,448</u>	<u>4,090</u>
 <b>Liabilities</b>		
Accounts payable	4,052	33,416
Deposits held	501	1,001
Due to other fund	46,017	168,402
Net pension liability	<u>4,814</u>	<u>2,790</u>
Total Liabilities	<u>55,384</u>	<u>205,609</u>
 <b>Deferred Outflows of Resources</b>		
Deferred amounts related to pension	<u>3,963</u>	<u>10,248</u>
Total Liabilities	<u>3,963</u>	<u>10,248</u>
 <b>Net Position</b>		
Unrestricted	<u>310,602</u>	<u>356,522</u>
Total Net Position	<u>\$ 310,602</u>	<u>\$ 356,522</u>



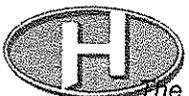
**South Western Oklahoma Development Authority**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Operating Revenues</b>		
Sales	\$ 856,150	\$ 688,576
Other	<u>11,000</u>	<u>45,000</u>
Total Operating Revenues	<u>867,150</u>	<u>733,576</u>
 <b>Operating Expenses</b>		
Cost of houses	847,215	659,066
Housing development	<u>65,855</u>	<u>41,797</u>
Total Liabilities	<u>913,070</u>	<u>700,863</u>
 <b>Changes in Net Position</b>	(45,920)	32,713
 <b>Net Position, beginning of year</b>	<u>356,522</u>	<u>323,809</u>
 <b>Net Position, end of year</b>	<u>\$ 310,602</u>	<u>\$ 356,522</u>



**South Western Oklahoma Development Authority**  
**Statements of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2016 and 2015**

	2016	2015
<b>Cash Flows from Operating Activities</b>		
Net Operating Income	\$ (45,920)	\$ 32,713
Adjustments to reconcile operating income to net cash provided by (used in) operating activities		
Changes in:		
Assets held for sale	202,288	(204,673)
Accounts payable & accrued liability	(29,364)	7,298
Deposit	(500)	1,001
Due to other fund	(122,385)	168,402
Net pension liability	2,024	2,790
Deferred Inflows/Outflows related to pension	<u>(6,643)</u>	<u>(6,530)</u>
Net cash provided by (used in) operating activities	<u>(500)</u>	<u>1,001</u>
<b>Net Change in Cash</b>	(500)	1,001
<b>Cash, beginning of year</b>	<u>1,001</u>	<u>—</u>
<b>Cash, end of year</b>	<u>\$ 501</u>	<u>\$ 1,001</u>



**South Western Oklahoma Development Authority**  
**Statements of Net Position**  
**Fiduciary Funds**  
**June 30, 2016 and 2015**

	2016	2015
<b>Assets</b>		
Cash	\$ 35,385	\$ 41,494
Total Assets	35,385	41,494
<b>Liabilities</b>		
Accounts payable	35,385	41,494
Funds held for others	—	—
Total Liabilities	35,385	41,494
<b>Total Net Position</b>	\$ —	\$ —



**South Western Oklahoma Development Authority**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

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

**Reporting Entity**

South Western Oklahoma Development Authority (SWODA) was created as a public trust under an indenture dated December 29, 1970, under the provisions of Title 60-05 1961 of the *Oklahoma Trust Act*, the Inter-Local Cooperation Act of the State of Oklahoma; Title 74 *Oklahoma Statutes*, Supplement 1970, Section 1004(F), and other applicable statutes and laws of the State of Oklahoma. Its main offices are located in Burns Flat, Oklahoma. The Authority provides a practical and organized means by which government units and public agencies with the District: Roger Mills, Custer, Beckham, Washita, Greer, Kiowa, Harmon and Jackson counties; may cooperate and coordinate their efforts to provide services, planning and facilities for their population.

**Measurement Focus and Basis of Accounting**

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, SWODA 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.

Interest associated with the current fiscal period is all considered to be susceptible to accrual and it has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measureable and available only when cash is received by SWODA.

SWODA reports the following major governmental funds:

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

*Area Agency on Aging Fund* – 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.

*Enhanced 911 Fund* – The enhanced 911 fund reports activities related to a contract with the Southwest Regional 911 Association.



**South Western Oklahoma Development Authority**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

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

**Measurement Focus and Basis of Accounting** (Continued)

*Advantage Case Management Fund* – The Advantage Case Management Fund accounts for revenues received from the Oklahoma Health Care Authority for a fee for service.

*Rural Economic Action Plan Fund* – 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.

*Employment & Training Fund* – The Employment & Training Fund reports activities related to grants through the Oklahoma State University - OKC for Workforce innovation and opportunities, which provide services to youth, adults and dislocated workers.

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.

SWODA reports the following major proprietary fund:

- Housing development fund accounts for the construction of housing for sale in member communities.

SWODA also reports an agency fund that is used to account for fiduciary assets held by SWODA in a custodial capacity as an agent on behalf of others. SWODA accounts for the Wireless Holding fund as an agency fund.

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 SWODA's policy to use restricted resources first, then unrestricted resources as they are needed.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.



**South Western Oklahoma Development Authority**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

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

**Discretely Presented Component Unit**

The accompanying financial statements present SWODA's operations. SWODA does not have any component units, entities for which SWODA is considered to be financially accountable. SWODA is not a component unit or part of any other primary government for financial reporting purposes.

**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.

**Deposits and Investments**

SWODA'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 SWODA 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 SWODA are reported at fair value.



**South Western Oklahoma Development Authority**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

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

**Accounts Receivable and Other Receivables**

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.

**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.

**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 SWODA 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:

Assets	Years
Buildings and Improvements	20
Equipment and Furniture	5-10
Computer Equipment and Software	3-10

**Compensated Absences**

SWODA's policies permit employees to accumulate earned but unused vacation benefits. All vacation accumulated is reported when incurred in the governmental activities in the government-wide financial statements.



**South Western Oklahoma Development Authority**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

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

**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, business-type activities or proprietary fund statement of net position. In the governmental fund financial statements, the proceeds of long-term debt are reported as other financing sources and the debt principle and interest payments as fund expenditures.

**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.

**Fund Balances and Net Position**

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

*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.

*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.

*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.

*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.

*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 SWODA'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.



**South Western Oklahoma Development Authority**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

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

**Fund Balances and Net Position** (Continued)

*Net Position* – Net position are displayed in three components as follows:

*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 the assets.

*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.

*Unrestricted* – All other net position that does not meet the definitions of “net investment in capital assets” or “restricted”.

It is SWODA'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.

**Allocation of Employee Benefits and Indirect Costs**

SWODA's employee benefits and indirect costs are allocated based upon actual expenditures to all grants in accordance with *Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, (2) C.F.R. Part 200. SWODA'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.

**Budgetary Information**

SWODA operates each grant program under a budget approved by the funding agency. Not all grant periods coincide with the fiscal year of SWODA. As such, an overall budget to actual comparison has not been presented for the governmental funds.

**Accounting Pronouncements Adopted in Fiscal Year 2016**

South Western Oklahoma Development Authority adopted the following new accounting pronouncement during the year ended June 30, 2016:

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.



**South Western Oklahoma Development Authority**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

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

**Accounting Pronouncements Adopted in Fiscal Year 2016** (Continued)

In June 2015, GASB issued Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 (GASB 73). GASB 73 addresses accounting and financial reporting for pensions that do not meet the criteria for applying GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68), and amends certain disclosure requirements of GASB 67 and GASB 68. GASB 73 amendments include restricting additional disclosures related to 10-year schedules required by GASB 67 to be limited to factors over which the plan or government has influence, such as a change in investment policies. Amendments also address payables to a plan that are not separately financed specific liabilities, and the timing of employer recognition of revenue for the support of nonemployer contributing entities. Certain provisions of GASB 73 are applicable for fiscal years beginning after June 15, 2015, and those provisions were adopted by the Authority as of July 1, 2015, and did not have a significant impact on the Authority's financial statements. Other provisions of GASB 73 that are applicable for years beginning after June 15, 2016, are not expected to have a significant impact on the Authority's financial statements.

In June 2015, GASB issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments (GASB 76). GASB 76 identifies accounting sources used to prepare state and local government financial statements in conformity with GAAP, and established a GAAP hierarchy of these resources. This Statement improves financial reporting by raising the category of GAAP Implementation Guides in the GAAP hierarchy, by emphasizing the importance of analogies to authoritative literature when an accounting event is not specified in authoritative GAAP, and by requiring the consideration of consistency with GASB Concept Statements when evaluating accounting treatments in non- authoritative GAAP. The Authority adopted GASB 76 as of July 1, 2015, and its adoption had no significant effects on the financial statements.

In December 2015, GASB issued Statement No. 79, Certain Investment Pools and Pool Participants (GASB 79). GASB 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. Specific criteria address (1) the way the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. The Authority adopted the required provisions of GASB 79 on July 1, 2015. The adoption of the provisions had no significant effect on the financial statements.



**South Western Oklahoma Development Authority**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**Note 2: Deposits and Investments**

*Deposits*

SWODA's carrying amount of deposits was \$1,056,077 and \$979,895 as of June 30, 2016 and 2015 respectively, and the bank balances totaled \$1,111,262 and \$1,024,360. Deposits are carried at cost.

*Custodial Credit Risk – Deposits*

Custodial credit risk is the risk that in the event of a bank failure, SWODA's deposits may not be returned to it. SWODA does not have a deposit policy for custodial credit risk. As of June 30, 2016 and 2015, all of SWODA's bank balances of \$1,111,262 and \$1,024,360 respectively, were FDIC insured or collateralized by pledges from the banks.

*Investments*

As of June 30, 2016, SWODA had the following investments.

Investment	Maturities	Fair Value
Certificates of Deposit	< 1 year	\$ 597,645
Total		<u>\$ 597,645</u>

As of June 30, 2015, SWODA had the following investments.

Investment	Maturities	Fair Value
Certificates of Deposit	< 1 year	\$ 1,576,812
Total		<u>\$ 1,576,812</u>

*Interest Rate Risk*

SWODA 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. SWODA has no investment policy that would further limit its investment choices. As of June 30, 2016, SWODA's investments in certificates of deposit were all federally insured.

*Concentration of Credit Risk*

SWODA places no limit on the amount it may invests in any one issuer. More than 5% of SWODA's investments are in certificates of deposit. These investments are 100% of SWODA's total investments.



**South Western Oklahoma Development Authority**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**Note 3: Receivables**

*Accounts Receivable*

Receivables as of June 30, 2016, for the South Western Oklahoma Development Authority's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	General	AAA	Employment & Training	Advantage Case Management	Nonmajor Government Funds	Total
Accounts	\$ 790	\$ —	\$ —	\$ —	\$ —	\$ 790
Due from other governments	—	76,575	91,525	49,166	109,190	496,769
Less: allowance for uncollectibles	—	—	—	—	—	—
Net total receivables	<u>\$ 790</u>	<u>\$ 76,575</u>	<u>\$ 91,525</u>	<u>\$ 49,166</u>	<u>\$ 109,190</u>	<u>\$ 497,559</u>

Receivables as of June 30, 2015, for the South Western Oklahoma Development Authority's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	General	AAA	Employment & Training	Advantage Case Management	Nonmajor Government Funds	Total
Accounts	\$ 1,126	\$ —	\$ —	\$ —	\$ —	\$ 1,126
Due from other governments	—	127,357	83,144	38,181	77,771	326,453
Less: allowance for uncollectibles	—	—	—	(1,800)	—	(1,800)
Net total receivables	<u>\$ 1,126</u>	<u>\$ 127,357</u>	<u>\$ 83,144</u>	<u>\$ 36,381</u>	<u>\$ 38,577</u>	<u>\$ 325,779</u>

*Notes Receivable*

South Western Oklahoma Development Authority also has a revolving loan fund from which loans are made to local businesses for economic development and job creation. The related notes receivable balances are not included in the fund financial statements since they are not considered current resources, but rather are reported as governmental activities in the government-wide financial statements. The notes receivable balances evidenced by these loans were as follows as of June 30, 2016 and 2015:

	2016 EDA Revolving Loan Fund	2015 EDA Revolving Loan Fund
Notes receivable	\$ 40,420	\$ 48,053
Less: allowance for uncollectibles	—	—
Net total receivables	<u>\$ 40,420</u>	<u>\$ 48,053</u>



**South Western Oklahoma Development Authority**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**Note 4: Other Receivables**

**Interfund receivable, payables and transfers**

The composition of interfund balances as of June 30, 2016 and 2015 is as follows:

Due to/from other funds:

Receivable fund	Payable fund	2016	2015
General fund	Business Enterprise Fund	\$ 46,017	\$ 168,402

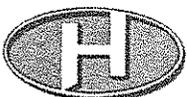
**Note 5: Capital Assets**

Capital asset balances and activities for the year ended June 30, 2016, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets, being depreciated:				
Buildings, land & improvements	1,229,292	—	—	1,229,292
Equipment & furniture	105,191	3,050	(4,133)	104,108
Computer equipment & software	119,342	—	—	119,342
Total capital assets, being depreciated	1,453,825	3,050	(4,133)	1,452,742
Less accumulated depreciation for:				
Buildings, land & improvements	(891,391)	(37,877)	—	(929,268)
Equipment & furniture	(74,209)	(4,998)	3,927	(75,280)
Computer equipment & software	(88,474)	(6,928)	—	(95,402)
Total accumulated depreciation	(1,054,074)	(49,803)	3,927	(1,099,950)
Governmental activities capital assets, net	399,751	(46,753)	(206)	352,792

Capital asset balances and activities for the year ended June 30, 2015, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets, being depreciated:				
Buildings, land & improvements	1,229,292	—	—	1,229,292
Equipment & furniture	98,548	12,325	(5,682)	105,191
Computer equipment & software	123,074	2,000	(5,732)	119,342
Total capital assets, being depreciated	1,450,914	14,325	(11,414)	1,453,825
Less accumulated depreciation for:				
Buildings, land & improvements	(853,514)	(37,877)	—	(891,391)
Equipment & furniture	(74,074)	(5,533)	5,398	(74,209)
Computer equipment & software	(86,797)	(7,122)	5,445	(88,474)
Total accumulated depreciation	(1,014,385)	(50,532)	10,843	(1,054,074)
Governmental activities capital assets, net	436,529	(36,207)	(571)	399,751



**South Western Oklahoma Development Authority**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**Note 5: Capital Assets (Continued)**

Depreciation expense for the years ended June 30, 2016 and 2015 was charged to functions/programs of the primary government as follows:

	2016	2015
Governmental activities:		
General government	43,273	44,178
Aging services	551	551
Community development	5,978	5,803
Total depreciation expense – governmental activities	<u>49,802</u>	<u>50,532</u>

**Note 6: Long-Term Liabilities**

**Unearned Revenue**

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

Unearned revenues for the years ended June 30, 2016 and 2015 totaled \$923,082 and \$889,776, respectively, and included the following:

Unearned Revenue		
	2016	2015
REAP funds:		
2013 REAP funds	—	26,513
2014 REAP funds	32,243	107,321
2015 REAP funds	86,790	747,114
2016 REAP funds	<u>778,321</u>	<u>—</u>
Total REAP funds	897,354	880,948
Masonic Foundation grant	25,728	8,373
EDA planning	—	455
Total deferred revenue	<u>923,082</u>	<u>889,776</u>

**Long-term Debt**

As of June 30, 2016, South Western Oklahoma Development Authority did not have any outstanding debt.



**South Western Oklahoma Development Authority**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**Note 7: Retirement Plans**

**Plan description** - The Authority as the employer, participates in Oklahoma Public Employees Retirement Plan—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Title 74 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the OPERS. OPERS issues a publicly available financial report that can be obtained at [www.opers.ok.gov](http://www.opers.ok.gov)

**Benefits provided** - OPERS provides retirement, disability, and death benefits to members of the plan.

Members qualify for full retirement benefits at their specified normal retirement age or, for any person who became a member prior to July 1, 1992, when the sum of the member's age and years of credited service equals or exceeds 80 (Rule of 80), and for any person who became a member after June 30, 1992, when the member's age and years of credited service equals or exceeds 90 (Rule of 90).

Normal retirement date is further qualified to require that all members employed on or after January 1, 1983 must have six or more years of full-time equivalent employment with a participating employer before being eligible to receive benefits. Credited service is the sum of participating and prior service. Prior service includes nonparticipating service before January 1, 1975, or the entry date of the employer and active wartime military service.

A member with a minimum of ten years of participating service may elect early retirement with reduced benefits beginning at age 55 if the participant became a member prior to November 1, 2011, or age 60 if the participant became a member on or after November 1, 2011.

Benefits are calculated for each member category as follows:

- **Employees**
  - Benefits are determined at 2% of the average annual salary received during the highest thirty-six months of the last ten years of participating service, but not to exceed the applicable annual salary cap, multiplied by the number of years of credited service. Members who join OPERS on or after July 1, 2013, will have their salary averaged over the highest 60 months of the last ten years. Normal retirement age under the Plan is 62 or Rule of 80/90 if the participant became a member prior to November 1, 2011, or age 65 or Rule of 90 if the participant became a member on or after November 1, 2011.
  - Members who elect to pay the additional contribution rate, which became available in January 2004, will receive benefits using a 2.5% computation factor for each full year the additional contributions are made. In 2004, legislation was enacted to provide an increased benefit to retiring members who were not yet eligible for Medicare. The Medicare Gap benefit option became available to members under age 65 who retired on or after May 1, 2006. Members may elect to receive a temporary increased benefit to cover the cost of health insurance premiums until the member is eligible to receive Medicare. After the member becomes eligible for Medicare, the retirement benefit will be permanently reduced by an actuarially determined amount.



**South Western Oklahoma Development Authority**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**Note 7: Retirement Plans (Continued)**

- The option is irrevocable, must be chosen prior to retirement, and is structured to have a neutral actuarial cost to the Plan.
- Members become eligible to vest fully upon termination of employment after attaining eight years of credited service, or the members' contributions may be withdrawn upon termination of employment.

Disability retirement benefits are available for members having eight years of credited service whose disability status has been certified as being within one year of the last day on the job by the Social Security Administration. Disability retirement benefits are determined in the same manner as retirement benefits, but payable immediately without an actuarial reduction.

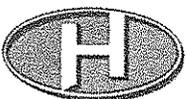
Upon the death of an active member, the accumulated contributions of the member are paid to the member's named beneficiary(ies) in a single lump sum payment. If a retired member elected a joint annuitant survivor option or an active member was eligible to retire with either reduced or unreduced benefits or eligible to vest the retirement benefit at the time of death, benefits can be paid in monthly payments over the life of the spouse if the spouse so elects.

Upon the death of a retired member, the Plan will pay a \$5,000 death benefit to the member's beneficiary or estate of the member if there is no living beneficiary. The death benefit will be paid in addition to any excess employee contributions or survivor benefits due to the beneficiary.

**Contributions** - The contribution rates for each member category of the Plan are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. Employees are required to contribute 5% percent of their annual pay. Participating entities are required to contribute 15% of the employees' annual pay. Contributions to the pension plan from SWODA were \$69,459.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2016 and 2015, SWODA reported a liability of \$93,198 and \$47,392 respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and 2014. The Authority's proportion of the net pension liability was based on the Authority's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2015 and 2014. Based upon this information, the Authority's proportion was 12 percent.

For the year ended June 30, 2016 and 2015, the Authority recognized pension expense of \$5,589 and \$3,227 respectively. At June 30, 2016 and 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



**South Western Oklahoma Development Authority**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**Note 7: Retirement Plan (Continued)**

	2016		2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ 111,513	\$ —	\$ (39,875)
Changes of assumptions	3,257	—	6,892	—
Net difference between projected and actual earnings on pension plan investments	—	(283,818)	—	(402,519)
SWODA's contributions subsequent to the measurement date	190,129	—	169,657	—
Total	<u>\$ 193,386</u>	<u>\$ (172,305)</u>	<u>\$ 176,549</u>	<u>\$ (442,394)</u>

As of June 30, 2016 and 2015, \$193,386 and \$176,549, respectively, was reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017 and 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 87,101
2017	87,101
2018	87,100
2019	87,100
2020	\$ 87,100
Total	<u>\$ 435,502</u>

**Actuarial Assumptions** - The total pension liability as of June 30, 2015 and 2014 was determined based on an actuarial valuation prepared as of July 1, 2015 and 2014, using the following actuarial assumptions:

- Investment return – 7.5% compounded annually net of investment expense and including inflation
- Salary increases – 4.5% to 8.4% per year including inflation
- Mortality rates – Active participants and nondisabled pensioners – RP-2000 Mortality Table projected to 2010 by Scale AA (disabled pensioners set forward 15 years)
- No annual post-retirement benefit increases
- Assumed inflation rate – 3.0%
- Payroll growth – 4.0% per year
- Actuarial cost method – Entry age
- Select period for the termination of employment assumptions – 10 years



**South Western Oklahoma Development Authority**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**Note 7: Retirement Plan (Continued)**

The actuarial assumptions used in the July 1, 2015 and 2014, valuation are based on the results of the most recent actuarial experience study, which cover the three-year period ending June 30, 2013. The experience study report is dated May 9, 2014.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The Target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2015, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	38.0%	5.3%
U.S. Small Cap Equity	6.0%	5.6%
U.S. Fixed Income	25.0%	0.7%
International Stock	18.0%	5.6%
Emerging Market Stock	6.0%	6.4%
TIPS	3.5%	0.7%
Rate Anticipation	3.5%	1.5%
Total	100.0%	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers will be made at the current contribution rate as set out in state statute. Based on those assumptions, the pension plan's fiduciary net position was projected through 2113 to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determined does not use a municipal bond rate.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	(-6.5%)	Rate (7.5%)	(-8.5%)
Employers' net pension liability	\$ 74,250	\$ 11,926	\$ (41,058)



**South Western Oklahoma Development Authority**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**Note 7: Retirement Plan (Continued)**

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPERS; which can be located at [www.opers.ok.gov](http://www.opers.ok.gov).

**Note 8: Non-current Liabilities**

Non-current liabilities at June 30, 2016 and 2015 were as follows:

	2016	2015
Governmental activities		
Net pension liability	\$ 204,489	\$ 117,654
Business-type activities		
Net pension liability	\$ 4,814	\$ 2,790

Non-current liability transactions for the year ended June 30, 2016 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities					
Net pension liability	117,654	86,835	—	204,489	—
Total governmental activities	117,654	86,835	—	204,489	—
Business-type activities					
Net pension liability	2,790	2,024	—	4,814	—
Total business-type activities	2,790	2,024	—	4,814	—
Total non-current liabilities	120,444	88,859	—	209,303	—

Non-current liability transactions for the year ended June 30, 2015 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities					
Net pension liability	—	117,654	—	117,654	—
Total governmental activities	—	117,654	—	117,654	—
Business-type activities					
Net pension liability	—	2,790	—	2,790	—
Total business-type activities	—	2,790	—	2,790	—
Total non-current liabilities	—	120,444	—	120,444	—

**Note 9: Subsequent Events**

Management has evaluated subsequent events through November 28, 2016 the date which the financial statements were available to be issued.



**South Western Oklahoma Development Authority**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**Note 10: Risk Management**

SWODA is exposed to various risks of loss related to torts, property damage, errors and omissions and personal injury. SWODA has insurance for the major risks 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 SWODA's property and equipment.

**Note 11: Allocation of Indirect Costs**

SWODA's indirect costs are allocated to all programs based upon actual employee salaries and fringe benefits expended. Expenses related to SWODA's office building are allocated on the basis of the square footage occupied by each program.

**Note 12: Commitments and Contingencies**

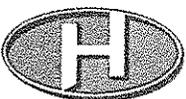
SWODA has entered into construction contracts with several unrelated parties, in the amount of \$5,000 (including change orders), for home construction within its service area. At June 30, 2016, \$5,000 of such contract commitments had not yet been incurred.

During the year ended June 30, 2016, SWODA awarded several REAP grants to cities and towns within its service area that have not expended as of June 30, 2016. Of the awarded grants totaling \$824,517 for grant year 2015, \$86,790 remains unexpended. For 2016 REAP grants awarded totaling \$935,990, the balance of those funds unexpended at June 30, 2016 is \$778,321.

The remaining unexpended commitment from the Masonic Temple contribution is \$25,728 as of June 30, 2016. The original amount received was \$44,140.

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 SWODA. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although SWODA expects such amounts, if any, to be immaterial.

SWODA employees can carryover unused sick leave from one program year to the next. Employees are not compensated for unused sick leave at the time of termination of employment. However, upon retirement, an employee can possibly convert up to 480 hours of unused sick leave to retirement benefits with OPERS to help buy an extra year of benefits. If such a situation exits, then SWODA would pay to OPERS the amount of hours up to 480 hours times the employee's pay rate.



**South Western Oklahoma Development Authority**  
**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**Note 13: New Accounting Standards Issued not yet Adopted**

New Accounting Pronouncements Issued Not Yet Adopted: The GASB has also issued several new accounting pronouncements which will be effective to the Authority in subsequent years. A description of the new accounting pronouncements, the fiscal year in which they are effective, and the Authority's consideration of the impact of these pronouncements are described below:

- *GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*

GASB No. 74 was issued in June 2015, and replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replaces the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. The Authority has not yet determined the impact that implementation of GASB 75 will have on its net position.

- *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

GASB No. 75 was issued in June 2015, and addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For a defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement is effective for fiscal years beginning after June 15, 2017. The Authority has not yet determined the impact that implementation of GASB 75 will have on its net position.

- *GASB Statement No. 77, Tax Abatement Disclosures*

GASB 77 was issued in August 2015, and establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (a) agreements that are entered into by the reporting government and (b) agreements that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. The Authority has not yet determined the impact that implementation of GASB 75 will have on its net position.



**South Western Oklahoma Development Authority**  
**Notes to Financial Statements**  
**June 30, 2016**

**Note 14: New Accounting Standards Issued not yet Adopted (Continued)**

- *GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*

GASB 78 was issued in December 2015, and amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The statement does not affect the Authority's financial statement.

- *GASB Statement No. 79, Certain External Investment Pools and Pool Participants*

GASB 79 was issued in December 2015, and addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. At this time, the impact to the Authority is unknown.



**South Western Oklahoma Development Authority**  
**Notes to Financial Statements**  
**June 30, 2016**

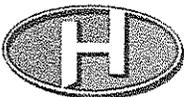
**Note 14: New Accounting Standards Issued not yet Adopted (Continued)**

- *GASB Statement No. 80, Blending Requirements for Certain Component Units*

An Amendment of GASB Statement No. 14 – GASB 80 was issued in January 2016, and amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. At this time, the impact to the Authority is unknown.

- *GASB Statement No. 81, Irrevocable Split-Interest Agreements*

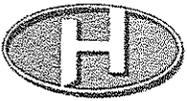
GASB 81 was issued in March 2016, to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Authority does not believe that GASB No. 81 will have significant impact on its financial statements.





**South Western Oklahoma Development Authority**  
**Combining Balance Sheets**  
**Nonmajor Governmental Funds**  
**June 30, 2016**

	Firewise	MFP	MIPPA	ADRC	State Approp	Rural Fire	Comm Develop	Masonic	CENA
<b>Assets</b>									
Cash	\$ 13,768	\$ (1,935)	\$ (11,179)	\$ (7,000)	\$ (1,730)	\$ (2,472)	\$ 177,337	\$ 26,423	\$ (28,941)
Investments	—	—	—	—	—	—	—	—	—
Accounts receivable	—	2,153	11,179	7,000	1,730	7,400	4,300	—	28,941
Due from other funds	—	—	—	—	—	—	—	—	—
Prepaid expenses	—	—	—	—	—	—	—	—	—
Deposits	—	—	—	—	—	—	—	—	—
<b>Total Assets</b>	<b>\$ 13,768</b>	<b>\$ 218</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 4,928</b>	<b>\$ 181,637</b>	<b>\$ 26,423</b>	<b>\$ —</b>
<b>Liabilities</b>									
Accounts payable and accrued expenses	—	218	—	—	—	4,928	2,901	695	—
Due to other funds	—	—	—	—	—	—	—	—	—
Unearned revenue	—	—	—	—	—	—	—	25,728	—
<b>Total Liabilities</b>	<b>—</b>	<b>218</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>4,928</b>	<b>2,901</b>	<b>26,423</b>	<b>—</b>
<b>Fund Balances</b>									
Nonspendable	—	—	—	—	—	—	—	—	—
Restricted	—	—	—	—	—	—	—	—	—
Committed	—	—	—	—	—	—	—	—	—
Assigned	13,768	—	—	—	—	—	178,736	—	—
Unassigned	—	—	—	—	—	—	—	—	—
<b>Total Fund Balances</b>	<b>13,768</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>178,736</b>	<b>—</b>	<b>—</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 13,768</b>	<b>\$ 218</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 4,928</b>	<b>\$ 181,637</b>	<b>\$ 26,423</b>	<b>\$ —</b>



**South Western Oklahoma Development Authority**  
**Combining Balance Sheets**  
**Nonmajor Governmental Funds**  
**June 30, 2016**

	Hazard Mitigation	Development Planning Administration	EDA District Planning	EDA Entrepreneur Development	EDA Revolving Loan Fund	Comm. Improvement Planning	Rural Transportation Planning	OK Comm. Children & Youth	Total Other Government Funds
<b>Assets</b>									
Cash	\$ 326	\$ (1,264)	\$ 5,023	\$ (14,937)	\$ 5,459	\$ 2,492	\$ (12,430)	\$	\$ 148,940
Investments	—	—	—	—	—	—	—	—	—
Accounts receivable	—	16,200	518	15,467	—	—	14,302	—	109,190
Due from other funds	—	—	—	—	—	—	—	—	—
Prepaid expenses	—	—	—	—	—	—	—	—	—
Deposits	—	—	—	—	—	—	—	—	—
<b>Total Assets</b>	<u>\$ 326</u>	<u>\$ 14,936</u>	<u>\$ 5,541</u>	<u>\$ 530</u>	<u>\$ 5,459</u>	<u>\$ 2,492</u>	<u>\$ 1,872</u>	<u>\$</u>	<u>\$ 258,130</u>
<b>Liabilities</b>									
Accounts payable and accrued expenses	326	632	5,541	530	18	2,492	1,798	—	20,079
Due to other funds	—	—	—	—	—	—	—	—	—
Unearned revenue	—	—	—	—	—	—	—	—	25,728
<b>Total Liabilities</b>	<u>326</u>	<u>632</u>	<u>5,541</u>	<u>530</u>	<u>18</u>	<u>2,492</u>	<u>1,798</u>	<u>—</u>	<u>45,807</u>
<b>Fund Balances</b>									
Nonspendable	—	—	—	—	5,441	—	74	—	5,515
Restricted	—	—	—	—	—	—	—	—	—
Committed	—	—	—	—	—	—	—	—	—
Assigned	—	14,304	—	—	—	—	—	—	206,808
Unassigned	—	—	—	—	—	—	—	—	—
<b>Total Fund Balances</b>	<u>—</u>	<u>14,304</u>	<u>—</u>	<u>—</u>	<u>5,441</u>	<u>—</u>	<u>74</u>	<u>—</u>	<u>212,323</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 326</u>	<u>\$ 14,936</u>	<u>\$ 5,541</u>	<u>\$ 530</u>	<u>\$ 5,459</u>	<u>\$ 2,492</u>	<u>\$ 1,872</u>	<u>\$</u>	<u>\$ 258,130</u>



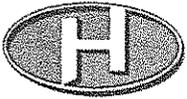
**South Western Oklahoma Development Authority**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2016**

	Firewise	MFP	MIPPA	ADRC	State Approp	Rural Fire	Comm Develop	Masonic	CENA
<b>Revenues</b>									
Federal grants	\$	2,153	11,151	7,000	\$	\$	\$	\$	\$
State grants and appropriations					23,551	66,500			160,649
Local charges and services	8,000						42,088	29,108	
Members' dues and assessments									
Investment income									
Match revenue					(23,551)	16,365			
Total revenue	8,000	2,153	11,151	7,000		82,865	42,088	29,108	160,649
<b>Expenditures</b>									
Salaries			5,671	3,544		44,912	19,405		4,184
Fringe benefits			2,907	2,320		18,914	8,776		2,131
Indirect costs			1,801	1,136		13,353	5,918		1,326
Travel		2,153	729			4,809	4,928		41
Other expenses	1		43			877	424	472	350
Client services								28,636	
Pass-through grants									152,617
Total Liabilities	1	2,153	11,151	7,000		82,865	39,451	29,108	160,649
<b>Net Assets</b>	7,999						2,637		
<b>Fund Balance, Beginning of Year</b>	5,769						176,099		
<b>Total Net Assets</b>	\$ 13,768	\$	\$	\$	\$	\$ 178,736	\$	\$	\$



**South Western Oklahoma Development Authority**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2016**

	Hazard Mitigation	Development Planning Administration	EDA District Planning	EDA Entrepreneur Development	EDA Revolving Loan Fund	Community Improvement Planning	Rural Transportation Planning	OK Comm. On Children & Youth	Total Other Government Funds
<b>Revenues</b>									
Federal grants and State grants and appropriations	\$ —	\$ —	\$ 61,600	\$ 19,329	\$ —	\$ —	\$ 72,233	\$ —	\$ 173,966
Local charges and services Members' dues and assessments	6,000	45,950	—	—	—	39,577	—	250	250,950
Investment income	—	—	—	—	1,533	—	—	—	1,533
Match revenue	12,458	—	41,077	19,829	—	45,304	18,059	—	129,541
Total revenue	18,458	45,950	102,677	39,658	1,533	84,881	90,292	250	726,713
<b>Expenditures</b>									
Salaries	9,155	18,203	57,474	23,884	439	43,179	46,916	—	276,966
Fringe benefits	4,920	10,481	23,395	6,561	139	18,013	21,443	—	120,000
Indirect costs	2,905	5,973	16,982	6,393	121	12,800	14,355	—	83,063
Travel	465	1,472	2,977	1,254	—	2,725	4,559	250	26,362
Other expenses	1,013	737	1,849	1,566	25	8,164	3,019	—	18,540
Client services	—	—	—	—	—	—	—	—	28,636
Pass-through grants	—	—	—	—	—	—	—	—	152,617
Total Liabilities	18,458	36,866	102,677	39,658	724	84,881	90,292	250	706,184
<b>Net Assets</b>									
Principal received on notes Receivable	—	9,084	—	—	809	—	—	—	20,529
Liquidation payments to EDA	—	—	—	—	7,584	—	—	—	7,584
	—	—	—	—	(7,785)	—	—	—	(7,785)
Fund Balance, Beginning of Year	—	5,220	—	—	4,833	—	74	—	191,995
Total Net Assets	\$ —	\$ 14,304	\$ —	\$ —	\$ 5,441	\$ —	\$ 74	\$ —	\$ 212,323



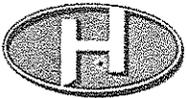
**South Western Oklahoma Development Authority**  
**Combining Balance Sheets**  
**Nonmajor Governmental Funds**  
**June 30, 2015**

	Firewise	MFP Living Choice	MIPPA	ADRC	State Approp	Rural Fire Defense	Comm Develop	Masonic	CENA
<b>Assets</b>									
Cash	\$ 5,769	\$ —	\$ (1,834)	\$ 446	\$ (2,860)	\$ (3,240)	\$ 178,295	\$ 8,373	\$ (17,493)
Investments	—	—	—	—	—	—	—	—	—
Accounts receivable	—	—	1,932	—	2,860	7,917	—	—	17,495
Due from other funds	—	—	—	—	—	—	—	—	—
Prepaid expenses	—	—	—	—	—	—	—	—	—
Deposits	—	—	—	—	—	—	—	—	—
<b>Total Assets</b>	<b>\$ 5,769</b>	<b>\$ —</b>	<b>\$ 98</b>	<b>\$ 446</b>	<b>\$ —</b>	<b>\$ 4,677</b>	<b>\$ 178,295</b>	<b>\$ 8,373</b>	<b>\$ —</b>
<b>Liabilities</b>									
Accounts payable and accrued expenses	—	—	98	446	—	4,677	2,196	—	2
Due to other funds	—	—	—	—	—	—	—	—	—
Unearned revenue	—	—	—	—	—	—	—	8,373	—
<b>Total Liabilities</b>	<b>—</b>	<b>—</b>	<b>98</b>	<b>446</b>	<b>—</b>	<b>4,677</b>	<b>2,196</b>	<b>8,373</b>	<b>2</b>
<b>Fund Balances</b>									
Nonspendable	—	—	—	—	—	—	—	—	—
Restricted	—	—	—	—	—	—	—	—	—
Committed	—	—	—	—	—	—	—	—	—
Assigned	5,769	—	—	—	—	—	176,099	—	—
Unassigned	—	—	—	—	—	—	—	—	—
<b>Total Fund Balances</b>	<b>5,769</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>176,099</b>	<b>—</b>	<b>—</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,769</b>	<b>\$ —</b>	<b>\$ 98</b>	<b>\$ 446</b>	<b>\$ —</b>	<b>\$ 4,677</b>	<b>\$ 178,295</b>	<b>\$ 8,373</b>	<b>\$ —</b>



**South Western Oklahoma Development Authority**  
**Combining Balance Sheets**  
**Nonmajor Governmental Funds**  
**June 30, 2015**

	Hazard Mitigation	Development Planning Administration	EDA District Planning	EDA Entrepreneur Development	EDA Revolving Loan Fund	Community Improvement Planning	Rural Transportation Planning	OK Comm. Children & Youth	Total Other Government Funds
<b>Assets</b>									
Cash	\$ (254)	\$ (11,390)	\$ (9,084)	\$ (3,026)	\$ 4,833	\$ (3,814)	\$ (1,900)	\$ 13	\$ 142,834
Investments	—	—	—	—	—	—	—	—	—
Accounts receivable	1,000	18,200	14,372	3,035	—	6,812	4,148	—	77,771
Due from other funds	—	—	—	—	—	—	—	—	—
Prepaid expenses	—	—	—	—	—	—	—	—	—
Deposits	—	—	—	—	—	—	—	—	—
<b>Total Assets</b>	<b>\$ 746</b>	<b>\$ 6,810</b>	<b>\$ 5,288</b>	<b>\$ 9</b>	<b>\$ 4,833</b>	<b>\$ 2,998</b>	<b>\$ 2,248</b>	<b>\$ 13</b>	<b>\$ 220,605</b>
<b>Liabilities</b>									
Accounts payable and accrued expenses	746	1,590	4,833	9	—	2,998	2,174	13	19,782
Due to other funds	—	—	—	—	—	—	—	—	—
Unearned revenue	—	—	455	—	—	—	—	—	8,828
<b>Total Liabilities</b>	<b>746</b>	<b>1,590</b>	<b>5,288</b>	<b>9</b>	<b>—</b>	<b>2,998</b>	<b>2,174</b>	<b>13</b>	<b>28,610</b>
<b>Fund Balances</b>									
Nonspendable	—	—	—	—	4,833	—	74	—	4,907
Restricted	—	—	—	—	—	—	—	—	—
Committed	—	—	—	—	—	—	—	—	—
Assigned	—	5,220	—	—	—	—	—	—	187,088
Unassigned	—	—	—	—	—	—	—	—	—
<b>Total Fund Balances</b>	<b>—</b>	<b>5,220</b>	<b>—</b>	<b>—</b>	<b>4,833</b>	<b>—</b>	<b>74</b>	<b>—</b>	<b>191,995</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 746</b>	<b>\$ 6,810</b>	<b>\$ 5,288</b>	<b>\$ 9</b>	<b>\$ 4,833</b>	<b>\$ 2,998</b>	<b>\$ 2,248</b>	<b>\$ 13</b>	<b>\$ 220,605</b>



**South Western Oklahoma Development Authority**  
**Combining Statements of Revenue, Expenses and Fund Balances**  
**Nonmajor Governmental Funds**  
**June 30, 2015**

	Firewise	MFP Living Choice	MIPPA	ADRC	State Approp	Rural Fire Defense	Comm Develop	Masonic	CENA
<b>Revenues</b>									
Federal grants	\$ —	\$ 695	\$ 1,932	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
State grants and appropriations	—	—	—	—	34,322	70,000	—	—	180,386
Local charges and services	19,000	—	—	—	—	—	37,595	50,256	—
Members' dues and assessments	—	—	—	—	—	—	—	—	—
Investment income	—	—	—	—	—	—	—	—	—
Match revenue	—	—	—	—	(34,322)	14,687	—	—	—
<b>Total revenue</b>	<b>19,000</b>	<b>695</b>	<b>1,932</b>	<b>—</b>	<b>—</b>	<b>84,687</b>	<b>37,595</b>	<b>50,256</b>	<b>180,386</b>
<b>Expenditures</b>									
Salaries	6,475	—	943	—	—	44,043	18,493	1,438	4,822
Fringe benefits	3,302	—	386	—	—	19,011	8,230	—	2,105
Indirect costs	2,163	—	294	—	—	13,894	5,911	332	1,532
Travel	414	695	309	—	—	5,812	4,928	—	354
Other expenses	877	—	—	—	—	1,927	615	449	206
Client services	—	—	—	—	—	—	—	48,037	—
Pass-through grants	—	—	—	—	—	—	—	—	171,367
Capital Outlay	—	—	—	—	—	—	—	—	—
<b>Total Liabilities</b>	<b>13,231</b>	<b>695</b>	<b>1,932</b>	<b>—</b>	<b>—</b>	<b>84,687</b>	<b>38,177</b>	<b>50,256</b>	<b>180,386</b>
<b>Net Assets</b>									
Principal received on notes	5,769	—	—	—	—	—	(582)	—	—
Receivable	—	—	—	—	—	—	—	—	—
Liquidation payments to EDA	—	—	—	—	—	—	—	—	—
<b>Fund Balance, Beginning of Year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>176,681</b>	<b>—</b>	<b>—</b>
<b>Total Net Assets</b>	<b>\$ 5,769</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 176,099</b>	<b>\$ —</b>	<b>\$ —</b>



**South Western Oklahoma Development Authority**  
**Combining Statements of Revenue, Expenses and Fund Balances**  
**Nonmajor Governmental Funds**  
**June 30, 2015**

	Hazard Mitigation	Development Planning Administration	EDA District Planning	EDA Entrepreneur Development	EDA Revolving Loan Fund	Community Improvement Planning	Rural Transportation Planning	OK Comm. On Children & Youth	Total Other Government Funds
<b>Revenues</b>									
Federal grants	\$ —	\$ —	\$ 63,202	\$ 29,171	\$ —	\$ —	\$ 53,728	\$ —	\$ 148,728
State grants and appropriations	—	—	—	—	—	—	—	—	284,708
Local charges and services	11,750	26,445	—	—	—	41,206	—	500	186,752
Members' dues and assessments	—	—	—	—	—	—	—	—	—
Investment income	—	—	—	—	2,499	—	—	—	2,499
Match revenue	27,512	—	42,135	29,171	(3,498)	39,793	13,506	—	128,984
Total revenue	<u>39,262</u>	<u>26,445</u>	<u>105,337</u>	<u>58,342</u>	<u>(999)</u>	<u>80,999</u>	<u>67,234</u>	<u>500</u>	<u>751,671</u>
<b>Expenditures</b>									
Salaries	20,667	8,395	58,362	27,967	622	41,406	34,064	182	267,879
Fringe benefits	10,144	5,084	24,593	12,640	227	18,813	15,117	76	119,728
Indirect costs	6,762	2,928	18,349	8,982	188	13,267	10,760	58	85,410
Travel	603	638	3,166	2,550	—	3,155	4,527	184	27,335
Other expenses	1,086	4,180	867	6,203	12	3,789	3,072	—	23,283
Client services	—	—	—	—	—	—	—	—	48,037
Pass-through grants	—	—	—	—	—	—	—	—	171,367
Capital Outlay	—	—	—	—	—	—	—	—	569
Total Liabilities	<u>39,262</u>	<u>21,225</u>	<u>105,337</u>	<u>58,342</u>	<u>1,049</u>	<u>80,999</u>	<u>67,530</u>	<u>500</u>	<u>743,608</u>
<b>Net Assets</b>									
Principal received on notes	—	5,220	—	—	(2,048)	—	(296)	—	8,063
Receivable	—	—	—	—	13,714	—	—	—	13,714
Liquidation payments to EDA	—	—	—	—	(10,495)	—	—	—	(10,495)
Fund Balance, Beginning of Year	—	—	—	—	3,662	—	370	—	180,713
Total Net Assets, End of Year	<u>\$ —</u>	<u>\$ 5,220</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,833</u>	<u>\$ —</u>	<u>\$ 74</u>	<u>\$ —</u>	<u>\$ 191,995</u>



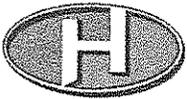
**South Western Oklahoma Development Authority**  
**Combining Balance Sheets**  
**Employment & Training Funds**  
**June 30, 2016**

	E & T	970	1461	1561	1560	1462	1562	1662
	Admin.	TAA	Adult	Adult	Adult	Youth	Youth	Youth
Cost Pool			16209	PY16	PY15	15925	6-553286	6-553286
<b>Assets</b>								
Cash	\$ 1,023	\$ ---	\$ ---	\$ (15,326)	\$ ---	\$ ---	\$ (11,172)	\$ (7,477)
Investments	---	---	---	---	---	---	---	---
Accounts receivable	---	---	---	16,819	---	---	15,124	12,228
Due from other funds	---	---	---	---	---	---	---	---
Prepaid expenses	---	---	---	---	---	---	---	---
Deposits	---	---	---	---	---	---	---	---
<b>Total Assets</b>	<b>\$ 1,023</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ 1,493</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ 3,952</b>	<b>\$ 4,751</b>
<b>Liabilities</b>								
Accounts payable and accrued expenses	1,023	---	---	1,493	---	---	3,952	---
Due to other funds	---	---	---	---	---	---	---	---
Unearned revenue	---	---	---	---	---	---	---	---
<b>Total Liabilities</b>	<b>1,023</b>	<b>---</b>	<b>---</b>	<b>1,493</b>	<b>---</b>	<b>---</b>	<b>3,952</b>	<b>---</b>
<b>Fund Balances</b>								
Nonspendable	---	---	---	---	---	---	---	---
Restricted	---	---	---	---	---	---	---	---
Committed	---	---	---	---	---	---	---	---
Assigned	---	---	---	---	---	---	---	4,751
Unassigned	---	---	---	---	---	---	---	---
<b>Total Fund Balances</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>4,751</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,023</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ 1,493</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ 3,952</b>	<b>\$ 4,751</b>



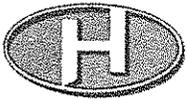
**South Western Oklahoma Development Authority**  
**Combining Balance Sheets**  
**Employment & Training Funds**  
**June 30, 2016**

	1464 DLW 16001	1465 DLW 16210	1564 DLW PY15	1565 DLW PY16	1466 Incentive	SCOWIB	Total Employment & Training
<b>Assets</b>							
Cash	\$ (1,305)	\$ (1,524)	\$ —	\$ (15,491)	\$ (654)	\$ (22,023)	\$ (73,949)
Investments	—	—	—	—	—	—	—
Accounts receivable	1,305	1,524	—	16,172	654	27,699	91,525
Due from other funds	—	—	—	—	—	—	—
Prepaid expenses	—	—	—	—	—	—	—
Deposits	—	—	—	—	—	—	—
<b>Total Assets</b>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 681</u>	<u>\$ —</u>	<u>\$ 5,676</u>	<u>\$ 17,576</u>
<b>Liabilities</b>							
Accounts payable and accrued expenses	—	—	—	681	—	5,647	12,796
Due to other funds	—	—	—	—	—	—	—
Unearned revenue	—	—	—	—	—	—	—
<b>Total Liabilities</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>681</u>	<u>—</u>	<u>5,647</u>	<u>12,796</u>
<b>Fund Balances</b>							
Nonspendable	—	—	—	—	—	—	—
Restricted	—	—	—	—	—	—	—
Committed	—	—	—	—	—	—	—
Assigned	—	—	—	—	—	29	4,780
Unassigned	—	—	—	—	—	29	4,780
<b>Total Fund Balances</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>29</u>	<u>4,780</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 681</u>	<u>\$ —</u>	<u>\$ 5,676</u>	<u>\$ 17,576</u>



**South Western Oklahoma Development Authority**  
**Combining Statements of Revenue, Expenses and Fund Balances**  
**Employment & Training Funds**  
**June 30, 2016**

		970	1461	1561	1560	1462	1562	1662
		Adult	Adult	Adult	Adult	Youth	Youth	Youth
		16209	PY16	PY15	PY15	15925	6-553286	6-553286
		TAA						
<b>Revenues</b>								
Federal grants	\$	266	\$ 7,001	\$ 99,350	\$ 11,050	\$ 11,450	\$ 124,650	\$ 12,228
State grants and appropriations								
Local charges and services								
Members' dues and assessments								
Investment income								
Match revenue				1,131	1,258		6,579	
Total revenue		<u>266</u>	<u>7,001</u>	<u>100,481</u>	<u>12,308</u>	<u>11,450</u>	<u>131,229</u>	<u>12,228</u>
<b>Expenditures</b>								
Salaries			2,135	17,222	3,937	4,716	37,910	
Fringe benefits			1,157	13,871	1,731	2,425	20,433	
Indirect costs			691	6,377	1,190	1,500	12,252	
Travel			59	75	153	23	2,979	
Other expenses			229	540	(324)	168	1,505	17
SP Program		266	657	34,324	2,329	2,618	56,150	7,460
Board Program			2,073	28,072	3,292			
Total Liabilities		<u>266</u>	<u>7,001</u>	<u>100,481</u>	<u>12,308</u>	<u>11,450</u>	<u>131,229</u>	<u>7,477</u>
<b>Net Assets</b>								4,751
<b>Fund Balance, Beginning of Year</b>								
<b>Total Net Assets</b>								<u>\$ 4,751</u>



**South Western Oklahoma Development Authority**  
**Combining Statements of Revenue, Expenses and Fund Balances**  
**Employment & Training Funds**  
**June 30, 2016**

	1460 DLW 16001	1465 DLW 16210	1564 DLW PY15	1565 DLW PY16	Incentive 16604	SCOWIB	Total Employment & Training
<b>Revenues</b>							
Federal grants	\$ 6,138	\$ 50,025	\$ 11,556	\$ 65,383	\$ 660	\$ —	\$ 399,757
State grants and appropriations	—	—	—	—	—	—	—
Local charges and services	—	—	—	—	—	167,061	167,061
Members' dues and assessments	—	—	—	—	—	—	—
Investment income	—	—	—	—	—	—	—
Match revenue	10	—	1,218	1,214	—	—	11,410
Total revenue	<u>6,148</u>	<u>50,025</u>	<u>12,774</u>	<u>66,597</u>	<u>660</u>	<u>167,061</u>	<u>578,228</u>
<b>Expenditures</b>							
Salaries	1,146	13,892	—	20,153	—	87,284	188,395
Fringe benefits	741	5,613	—	14,483	—	34,489	94,943
Indirect costs	396	4,096	—	7,273	—	26,115	59,890
Travel	—	569	—	75	—	8,144	12,077
Other expenses	—	232	(322)	844	—	10,173	13,062
SP Program	3,043	5,093	5,809	11,177	660	827	130,413
Board Program	822	20,530	7,287	12,592	—	—	74,668
Total Liabilities	<u>6,148</u>	<u>50,025</u>	<u>12,774</u>	<u>66,597</u>	<u>660</u>	<u>167,032</u>	<u>573,448</u>
<b>Net Assets</b>							
	—	—	—	—	—	29	4,780
<b>Fund Balance, Beginning of Year</b>							
	—	—	—	—	—	—	—
<b>Total Net Assets</b>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 29</u>	<u>\$ 4,780</u>



**South Western Oklahoma Development Authority**  
**Combining Balance Sheets**  
**Employment & Training Funds**  
**June 30, 2015**

	E & T				
Admin. Cost Pool	Adult 15759	Adult 16000	Youth 16209	Youth 15529	Youth 15925
<b>Assets</b>					
Cash	\$ 1,855	\$ —	\$ 1,660	\$ —	\$ (6,630)
Investments	—	—	—	—	—
Accounts receivable	—	—	93	—	12,490
Due from other funds	—	—	—	—	—
Prepaid expenses	—	—	—	—	—
Deposits	—	—	—	—	—
<b>Total Assets</b>	<b>\$ 1,855</b>	<b>\$ —</b>	<b>\$ 1,753</b>	<b>\$ —</b>	<b>\$ 5,860</b>
<b>Liabilities</b>					
Accounts payable and accrued expenses	1,855	—	1,753	—	5,860
Due to other funds	—	—	—	—	—
Unearned revenue	—	—	—	—	—
<b>Total Liabilities</b>	<b>1,855</b>	<b>—</b>	<b>1,753</b>	<b>—</b>	<b>5,860</b>
<b>Fund Balances</b>					
Nonspendable	—	—	—	—	—
Restricted	—	—	—	—	—
Committed	—	—	—	—	—
Assigned	—	—	—	—	—
Unassigned	—	—	—	—	—
<b>Total Fund Balances</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,855</b>	<b>\$ —</b>	<b>\$ 1,753</b>	<b>\$ —</b>	<b>\$ 5,860</b>



**South Western Oklahoma Development Authority**  
**Combining Balance Sheets**  
**Employment & Training Funds**  
**June 30, 2015**

	Youth 6553286	DLW 15551	DLW 15768	DLW 16001	DLW 16210	Incentive	SCOWIB	Total Employment & Training
<b>Assets</b>								
Cash	\$ (18,285)	\$ —	\$ (36,324)	\$ (12)	\$ (712)	\$ (329)	\$ (9,757)	\$ (68,534)
Investments	—	—	—	—	—	—	—	—
Accounts receivable	18,285	—	36,324	12	1,662	329	13,949	83,144
Due from other funds	—	—	—	—	—	—	—	—
Prepaid expenses	—	—	—	—	—	—	—	—
Deposits	—	—	—	—	—	—	—	—
<b>Total Assets</b>	\$ —	\$ —	\$ —	\$ —	\$ 950	\$ —	\$ 4,192	\$ 14,610
<b>Liabilities</b>								
Accounts payable and accrued expenses	—	—	—	—	950	—	4,192	14,610
Due to other funds	—	—	—	—	—	—	—	—
Unearned revenue	—	—	—	—	—	—	—	—
<b>Total Liabilities</b>	—	—	—	—	950	—	4,192	14,610
<b>Fund Balances</b>								
Nonspendable	—	—	—	—	—	—	—	—
Restricted	—	—	—	—	—	—	—	—
Committed	—	—	—	—	—	—	—	—
Assigned	—	—	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—	—	—
<b>Total Fund Balances</b>	—	—	—	—	—	—	—	—
<b>Total Liabilities and Fund Balances</b>	\$ —	\$ —	\$ —	\$ —	\$ 950	\$ —	\$ 4,192	\$ 14,610



**South Western Oklahoma Development Authority**  
**Combining Statements of Revenue, Expenses and Fund Balances**  
**Employment & Training Funds**  
**June 30, 2015**

	E & T	Administrative Cost Pool	Adult 15759	Adult 16000	Adult 16209	Youth 15529	Youth 15925	Youth 6-553286
<b>Revenues</b>								
Federal grants	\$	—	\$	9,292	\$	46,938	\$	128,851
State grants and appropriations								
Local charges and services								
Members' dues and assessments								
Investment income								
Match revenue								
<b>Total revenue</b>		<u>16,829</u>	<u>115,744</u>	<u>9,292</u>	<u>115,744</u>	<u>46,938</u>	<u>128,851</u>	<u>18,285</u>
<b>Expenditures</b>								
Salaries			1,016	1,313	16,074	10,101	32,042	644
Fringe benefits			527	827	7,912	5,928	15,436	294
Indirect costs			5	470	5,762	3,482	10,537	244
Travel			28	3	408	306	3,487	—
Other expenses			225	102	241	799	959	158
SP Program			13,367	4,059	52,312	26,322	66,390	16,945
Board Program			1,656	2,518	33,035	—	—	—
<b>Total Liabilities</b>			<u>16,829</u>	<u>9,292</u>	<u>115,744</u>	<u>46,938</u>	<u>128,851</u>	<u>18,285</u>
<b>Net Assets</b>								
<b>Fund Balance, Beginning of Year</b>								
<b>Total Net Assets</b>	\$	\$	\$	\$	\$	\$	\$	\$



**South Western Oklahoma Development Authority**  
**Combining Statements of Revenue, Expenses and Fund Balances**  
**Employment & Training Funds**  
**June 30, 2015**

	DLW 15551	DLW 15768	DLW 16001	DLW 16210	Incentive 16604	SCOWIB	Total Employment & Training
<b>Revenues</b>							
Federal grants	\$ 9,639	\$ 108,334	\$ 10,961	\$ 53,415	\$ 329	\$ --	\$ 518,617
State grants and appropriations	--	--	--	--	--	--	--
Local charges and services	--	--	--	--	--	181,321	181,321
Members' dues and assessments	--	--	--	--	--	--	--
Investment income	--	--	--	--	--	--	--
In-kind income	--	--	--	--	--	--	--
Match revenue	--	--	--	--	--	373	373
<b>Total revenue</b>	<u>9,639</u>	<u>108,334</u>	<u>10,961</u>	<u>53,415</u>	<u>329</u>	<u>181,694</u>	<u>700,311</u>
<b>Expenditures</b>							
Salaries	--	22,892	3	1,197	64	91,918	177,264
Fringe benefits	--	9,976	37	496	29	39,160	80,622
Indirect costs	--	7,085	9	375	--	28,993	57,187
Travel	6	106	--	290	--	13,519	18,153
Other expenses	--	216	28	28	--	5,477	8,013
SP Program	4,046	34,433	5,701	31,656	236	2,627	258,094
Board Program	5,587	33,626	5,183	19,373	--	--	100,978
<b>Total Liabilities</b>	<u>9,639</u>	<u>108,334</u>	<u>10,961</u>	<u>53,415</u>	<u>329</u>	<u>181,694</u>	<u>700,311</u>
<b>Net Assets</b>	--	--	--	--	--	--	--
<b>Fund Balance, Beginning of Year</b>	--	--	--	--	--	--	--
<b>Total Net Assets</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>



**South Western Oklahoma Development Authority**  
 Combining Balance Sheets  
 REAP Funds  
 June 30, 2016

	2016 REAP	2015 REAP	2014 REAP	2013 REAP	2012 REAP	REAP Planning	REAP Total
<b>Assets</b>							
Cash and cash equivalents	\$ 102,181	\$ 23,082	\$ 14,136	\$ —	\$ —	\$ —	\$ 139,399
Investments	506,751	68,369	22,525	—	—	—	597,645
Accounts Receivable	170,313	—	—	—	—	—	170,313
<b>Total Assets</b>	<b>\$ 779,245</b>	<b>\$ 91,451</b>	<b>\$ 36,661</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 907,357</b>
<b>Liabilities</b>							
Accounts payable	—	—	1,351	—	—	—	1,351
Deferred Revenue	778,321	86,790	32,243	—	—	—	897,354
<b>Total Liabilities</b>	<b>778,321</b>	<b>86,790</b>	<b>33,594</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>898,705</b>
<b>Fund Balance</b>							
Restricted for:							
Contractual	924	4,661	3,067	—	—	—	8,652
<b>Total Fund Balance</b>	<b>924</b>	<b>4,661</b>	<b>3,067</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>8,652</b>
<b>Total Liabilities &amp; Fund Balance</b>	<b>\$ 779,245</b>	<b>\$ 91,451</b>	<b>\$ 36,661</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 907,357</b>

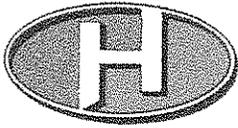




**South Western Oklahoma Development Authority**  
 Combining Balance Sheets  
 REAP Funds  
 June 30, 2015

	2015 REAP	2014 REAP	2013 REAP	2012 REAP	2010 REAP	REAP Planning	REAP Total
<b>Assets</b>							
Cash and cash equivalents	\$ 54,424	\$ 66,804	\$ 28,314	\$ —	\$ 3,000	\$ —	\$ 152,542
Investments	694,407	50,817	—	—	—	—	745,224
Accounts receivable	—	—	—	—	—	—	—
<b>Total Assets</b>	<u>\$ 748,831</u>	<u>\$ 117,621</u>	<u>\$ 28,314</u>	<u>\$ —</u>	<u>\$ 3,000</u>	<u>\$ —</u>	<u>\$ 897,766</u>
<b>Liabilities</b>							
Accounts payable	85	7,368	1,790	—	3,000	—	12,243
Deferred Revenue	747,114	107,321	26,513	—	—	—	880,948
<b>Total Liabilities</b>	<u>747,199</u>	<u>114,689</u>	<u>28,303</u>	<u>—</u>	<u>3,000</u>	<u>—</u>	<u>893,191</u>
<b>Fund Balance</b>							
Restricted for:							
Contractual	1,632	2,932	11	—	—	—	4,575
<b>Total Fund Balance</b>	<u>1,632</u>	<u>2,932</u>	<u>11</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,575</u>
<b>Total Liabilities &amp; Fund Balance</b>	<u>\$ 748,831</u>	<u>\$ 117,621</u>	<u>\$ 28,314</u>	<u>\$ —</u>	<u>\$ 3,000</u>	<u>\$ —</u>	<u>\$ 897,766</u>





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

Board of Trustees  
South Western Oklahoma Development Authority  
Burns Flat, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Western Oklahoma Development Authority, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise South Western Oklahoma Development Authority's basic financial statements, and have issued our report thereon dated November 28, 2016.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered South Western Oklahoma 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 South Western Oklahoma Development Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of South Western Oklahoma 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.

5028 E. 101st Street

Tulsa, OK 74137

TEL: 918.492.3388

FAX: 918.492.4443

[www.SBAdvisors.com](http://www.SBAdvisors.com)

***Compliance and Other Matters***

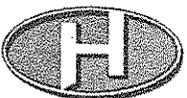
As part of obtaining reasonable assurance about whether South Western Oklahoma Development Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which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

***Purpose of this Report***

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

*Hill & Company*

Tulsa, Oklahoma  
October 25, 2016



**South Western Oklahoma Development Authority**  
**Schedule of Expenditures of Federal Awards**  
**June 30, 2016**

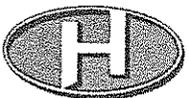
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<b>FEDERAL PROGRAMS</b>				
<u>U.S. Department of Labor</u>				
Pass-Through Program From:				
Oklahoma State University - OKC - <i>Workforce Innovation &amp; Opportunities Act</i> <i>(WIOA) Cluster</i>				
WIOA Title I Adult	17.258	16209 WAS FY 15 6-553626 Adult 6-554326 WAS FY 16 Adult	\$ 7,001 11,050 <u>99,350</u>  <u>117,401</u>	\$ 2,073 3,292 <u>28,072</u>  <u>33,437</u>
WIOA Title I Youth	17.259	15925 PY 14 WYS 6-553286 PY 15 Youth PY 16 Youth	11,450 124,650 <u>12,228</u> <u>148,328</u>	— — — —
WIOA Title I Dislocated Worker	17.278	16001 WDW FY 14 6-553396 PY 15 DLW 16210 FY 16 WDW 16604 FY 15 WDW FY 16 WDW	6,138 11,556 50,025 660 <u>65,383</u> <u>133,762</u> <u>\$ 399,491</u>	822 7,287 20,530 — <u>12,592</u> <u>41,231</u> <u>\$ 74,668</u>
DLW Rapid Response Grant/TAA Total U.S. Department of Labor	17.245	170-016	<u>266</u> <u>\$ 399,757</u>	— <u>\$ 74,668</u>
<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 & Senior Centers				
Senior Centers	93.044	34081011 FY 15-16	123,550	106,253
Part C, Nutrition Services	93.045	34081011 FY 15-16	225,205	181,219
Nutrition Services Incentive Program	93.053	34081011 FY 15-16	<u>66,870</u>	<u>66,870</u>
			<u>\$ 415,625</u>	<u>\$ 354,342</u>



**South Western Oklahoma Development Authority**  
**Schedule of Expenditures of Federal Awards**  
**June 30, 2016**

(Continued)

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<b>FEDERAL PROGRAMS</b>				
<i>Other Programs</i>				
Pass-Through Program From:				
Oklahoma Department of Human Services - Special Programs for the Aging, Title III - Part D, Disease Prevention & Health Promotion	93.043	34081011 FY 15-16	\$ 2,343	\$ —
Part E, National Family Caregiver Support	93.052	34081011 FY 15-16	38,242	—
Title VII, Programs for Prevention of Elder - Abuse, Neglect and Exploitation	93.041	34081011 FY 15-16	1,754	—
MIPPA	93.071	15015408	11,151	—
MFP – Money Follows the Person	93.791	14016131	2,153	—
ADRC			<u>7,000</u>	<u>—</u>
			<u>62,643</u>	<u>62,643</u>
Total U.S. Department of Health & Human Services			<u>478,268</u>	<u>429,010</u>
<u>U.S. Department of Commerce</u>				
Direct Program -				
Title II, Section 203 Planning Assistance:				
Continuation Planning (EDA)	11.302	08-83-04949	61,600	—
Entrepreneurship Development	11.302	08-86-04792	19,829	—
Economic Adjustment Assistance/Revolving Loan Fund	11.307	08-39-02979	<u>40,828</u>	<u>—</u>
Total U.S. Department of Commerce			<u>122,257</u>	<u>—</u>
<u>U.S. Department of Transportation</u>				
Pass-Through Program From:				
Oklahoma Department of Transportation				
Oklahoma Association of Regional Councils (OARC)				
Rurd Transportation Planning	20.205	SPRY 0010 (059):JP01946(61)	18,414	—
Rurd Transportation Planning	20.205	SPRY 0010 (063):JP01946(65)	<u>53,820</u>	<u>—</u>
Total U.S. Department of Health & Human Services			<u>72,234</u>	<u>—</u>
Total Expenditures of Federal Awards			<u>\$1,072,516</u>	<u>\$ 429,010</u>



**South Western Oklahoma Development Authority**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2016**

**Note A: Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of South Western Oklahoma Development Authority for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of South Western Oklahoma Development Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of South Western Oklahoma Development Authority.

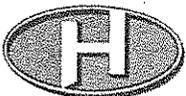
**Note B: Summary of Significant Accounting Policies**

1. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note C: Noncash Awards**

South Western Oklahoma Development Authority had the following loans recorded outstanding at June 30, 2016:

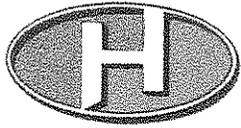
Program Fund	Federal CFDA Number	Amount Outstanding
<u>U.S. Department of Commerce</u>		
Economic Development Administration Special Economic Development and Adjustment Assistance Program - Sudden and Severe Economic Dislocation And Long-Term Economic Deterioration - Revolving Loan Funds	11.300	\$ 40,470



**South Western Oklahoma Development Authority**  
**Schedule of Expenditures of State Awards**  
**June 30, 2016**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Entity Identifying Number	Expenditures
<b>STATE PROGRAMS</b>		
<u>Oklahoma Department of Commerce</u>		
Substate Planning District	16505 SS 16	\$ 23,551
Community Expansion of Nutritional Assistance	16440 CENA16	160,649
Rural Economic Action Plans	15289 REAP 13	26,524
	15693 REAP 14	75,078
	16136 REAP 15	660,323
	16500 REAP 16	233,973
<i>Subtotal Oklahoma Department of Commerce programs</i>		<u>1,180,098</u>
Total Oklahoma Department of Commerce		<u>1,180,098</u>
 <u>Oklahoma Department of Agriculture</u>		
Rural Fire Defense Program	FY 2016	<u>66,500</u>
Total Oklahoma Department of Agriculture		<u>66,500</u>
 <u>Oklahoma Department of Human Services</u>		
<i>Area Agency on Aging Cluster</i>		
Area Agency on Aging Title III Part B	FY 2016	111,517
Area Agency on Aging Title III Part C	FY 2016	189,936
Area Agency on Aging Title III Part D	FY 2016	413
Area Agency on Aging Title III Part D	FY 2016	12,919
Area Agency on Aging Title VII	FY 2016	309
Total Oklahoma Department of Human Services		<u>315,094</u>
 <u>Oklahoma Commission on Children &amp; Youth</u>		
		250
Total Expenditures of State Awards		<u>\$ 1,561,942</u>





**HINKLE &  
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**Independent Auditors' Report on Compliance for Each Major Federal  
Program: Report on Internal Control over Compliance; and Report on Schedule of  
Expenditures of Federal Awards Required by the Uniform Guidance**

Board of Trustees  
South Western Oklahoma Development Authority  
Burns Flat, Oklahoma

***Report on Compliance for Each Major Federal Program***

We have audited the South Western Oklahoma Development Authority compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the South Western Oklahoma Development Authority's major federal programs for the year ended June 30, 2016. South Western Oklahoma 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 federal statutes, regulations, and the terms and conditions applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 of the Authority's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the South Western Oklahoma 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, 2016.

5028 E. 101st Street

Tulsa, OK 74137

TEL: 918.492.3388

FAX: 918.492.4443

www.SBAdvisors.com

***Report on Internal Control Over Compliance***

Management of the South Western Oklahoma 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 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the South Western Oklahoma 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 considered to be material weaknesses. However, material weaknesses may exist that have not been identified. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

***Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance***

We have audited the financial statements of the South Western Oklahoma Development Authority as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated November 28, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Hill & Company*

Tulsa, Oklahoma  
October 25, 2016





**South Western Oklahoma Development Authority**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2016**

(Continued)

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

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance was \$750,000.
9. Auditee qualified as a low-risk auditee as that term is defined in the Uniform Guidance.  Yes     No

**Section II--Findings Required to be Reported in Accordance with Government Auditing Standards**

None to report for the June 30, 2016 period.

**Section III--Findings Required to be Reported in Accordance with the Uniform Guidance**

None to report for the June 30, 2016 period.



South Western Oklahoma Development Authority  
Summary Schedule of Prior Audit Findings  
June 30, 2016

Findings Required to be Reported by OMB Circular A-133

No matters are reportable.

