

June 30, 2015  
 South Western Oklahoma  
 Development Authority  
**Audit Report**





**South Western Oklahoma Development Authority**  
**Report on Audit of Financial Statements**  
**June 30, 2015**

**Table of Contents**

	<u>Pages</u>
<b>Independent Auditor's Report</b>	1 – 3
<b>Required Supplementary Information</b>	
Management's Discussion and Analysis	4 – 10
<b>Basic Financial Statements</b>	
Government – Wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements –	
Governmental Funds	
Balance Sheet	13
Statement of Revenues, Expenditures, and Changes in Fund Balance	14
Reconciliation of Governmental Funds and Government – Wide Financial Statements	15
Proprietary Funds	
Statement of Net Position	16
Statement of Revenues, Expenses, and Changes in Net Position	17
Statement of Cash Flows	18
Fiduciary Funds	
Statement of Net Position	19
Notes to Financial Statements	20 – 34
<b>Required Supplementary Information</b>	
Schedule of Changes in Net Pension Liability and Related Ratios - OPERS	35
Schedule of Employer Contributions – OPERS	36
<b>Other Supplementary Information</b>	
Combining Financial Statements	
REAP	
Balance Sheet	37
Statement of Revenues, Expenditures, and Changes in Fund Balances	38
Employment & Training	
Balance Sheet	39 – 40
Statement of Revenues, Expenditures, and Changes in Fund Balances	41 – 42

**South Western Oklahoma Development Authority**  
**Report on Audit of Financial Statements**  
**June 30, 2015**

**Table of Contents**

	<u>Pages</u>
<b>Other Supplementary Information (continued)</b>	
Nonmajor Governmental Funds	
Balance Sheet	43 – 44
Statement of Revenues, Expenditures, and Changes in Fund Balances	45 – 46
Schedule of Indirect Costs	47
<b>Compliance and Internal Control Report</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	48 – 49
<b>Single Audit</b>	
Report on Compliance for Each Major Program and on Internal Control Over Compliance as Required By OMB Circular A-133	50 – 51
Schedule of Expenditures of Federal Awards	52 – 53
Notes to the Schedule of Expenditures of Federal Awards	54
Schedule of Expenditures of State Awards	55
Summary Schedule of Prior Audit Findings	56
Schedule of Findings and Questioned Costs	57





# Ronald C. Cottrell, CPA

## Independent Auditor's 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Western Oklahoma Development Authority, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

## **Opinions**

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Western Oklahoma Development Authority, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of a Matter**

As described in Note V.G. to the financial statements, South Western Oklahoma Development Authority restated its beginning net position in the government-wide financial statements and proprietary fund financial statements to reflect the effects of adopting a new accounting principle as promulgated by the Governmental Accounting Standards Board. Our opinions are not modified with respect to this matter.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the managements' discussion and analysis on pages 4–10 and the pension plan schedules of changes in net pension liability and related ratios and employer contributions on pages 35–36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. South Western Oklahoma Development Authority has not presented budgetary comparison information for the general and major special revenue funds that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of the basic financial statements.

### **Other Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise South Western Oklahoma Development Authority's basic financial statements. The accompanying supplementary information schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of expenditures of state awards, combining financial statements, and schedule of indirect costs are presented for purposes of additional analysis and are not a required part of the basic financial statements.



## Ronald C. Cottrell, CPA

The accompanying schedule of expenditures of federal awards, schedule of expenditures of state awards, combining financial statements, and schedule of indirect costs included under other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, schedule of expenditures of state awards, combining financial statements, and schedule of indirect costs are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2016, on our consideration of South Western Oklahoma Development Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South Western Oklahoma Development Authority's internal control over financial reporting and compliance.

Ronald C. Cottrell, CPA

Ronald C. Cottrell, CPA

Kansas, Oklahoma

January 8, 2016

*Required Supplementary Information*



**South Western Oklahoma Development Authority**  
**Management's Discussion and Analysis**  
**June 30, 2015**

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, 2015. Please read it in conjunction with SWODA's financial statements.

**FINANCIAL HIGHLIGHTS**

- ❖ The assets and deferred outflows of South Western Oklahoma Development Authority exceeded its liabilities and deferred inflows at the close of the year by \$ 2,366,434 (net position). Of this amount, \$ 2,009,629 (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 \$ 1,939,449. Approximately \$ 1,028,748 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 deferred outflows and liabilities and deferred inflows, with the difference 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 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, 2015, SWODA’s net position increased by \$ 73,907 to \$ 2,366,434, after a restatement to the beginning net position of (\$ 547,745) to reflect the implementation of GASB No. 68 on pensions. Business-Type activities net position increased due to an increase in housing construction in progress and completed houses that were not yet sold. Governmental activities net position increased due to results of operations.

Current assets (see Table 1) contain \$ 897,766 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 \$ 880,948 are shown (Table 1) in current liabilities.

**Table 1**  
**South Western Oklahoma Development Authority’s Net Position**  
**June 30, 2015 and 2014**

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
		*		*		*
Current assets	\$ 3,064,018	\$ 3,558,886	\$ (167,401)	\$ 362,615	\$ 2,896,617	\$ 3,921,501
Capital and other	399,751	436,529	567,288	-	967,039	436,529
Total assets	3,463,769	3,995,415	399,887	362,615	3,863,656	4,358,030
Deferred outflows	172,459	-	4,090	-	176,549	-
Current liabilities	1,076,516	1,491,640	34,417	26,118	1,110,933	1,517,758
Long-term liabilities	117,654	-	2,790	-	120,444	-
Total liabilities	1,194,170	1,491,640	37,207	26,118	1,231,377	1,517,758
Deferred inflows	432,146	-	10,248	-	442,394	-
Net position:						
Net investment in						
capital assets	339,751	436,529	-	-	339,751	436,529
Restricted	17,054	31,363	-	-	17,054	31,363
Unrestricted	1,653,107	2,035,883	356,522	336,497	2,009,629	2,372,380
Total net position	\$ 2,009,912	\$ 2,503,775	\$ 356,522	\$ 336,497	\$ 2,366,434	\$ 2,840,272

\*- Prior year amounts not restated for MD & A purposes.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal restrictions, totals \$ 2,009,629. An additional portion of SWODA’s net position (\$ 17,054) 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, REAP, and other grant based programs in which SWODA participates.

## Governmental Activities

Total net position as of June 30, 2014 was \$ 2,503,775, before being restated by (\$ 535,057) to implement the requirements of GASB Statement No. 68 on pensions. For the year ended June 30, 2015, after considering the restatement, net position increased by \$ 41,194 to \$ 2,009,912. 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, 2015**

	Governmental Activities				
	Employment and Training	Aging Services	Community Development	All Other Government	Total
Program revenues:					
Charges for services	\$ 181,321	\$ 481,325	\$ 90,551	\$ 319,955	\$ 1,073,152
Grants/contributions	518,617	993,258	1,430,436	250,923	3,193,234
General revenues	-	-	-	109,538	109,538
Total revenues	699,938	1,474,583	1,520,987	680,416	4,375,924
Expenses:					
Program expenses	668,947	1,512,798	1,602,092	550,893	4,334,730
Total expenses	668,947	1,512,798	1,602,092	550,893	4,334,730
Changes in net position:					
Net increase or (decrease)	\$ 30,991	\$ (38,215)	\$ (81,105)	\$ 129,523	\$ 41,194

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 decrease in net position for Aging Services is due to a decrease in case management billings.

Community Development activities decreased net position as of June 30, 2015 by \$ 81,105, mostly due to longer term projects that are not completed to billing phases.

All other government activities increased net position by \$ 129,523. These activities are partially financed by 'other' revenues and interest (\$ 109,538) which are reported under the General Revenues section of the Statement of Activities. The remaining increase is due to results of normal operations.

## Business-type Activities

The *Statement of Activities* shows an overall increase of \$ 32,713 for the period, after restatement of the beginning net position balance to implement GASB Statement No. 68 on pensions. These funds account for the operation of the housing construction projects. The current year increase was due to an increase in houses held for sale and results of operations.



## **Fund Balance**

The *Statement of Revenues, Expenses, and Changes in Fund Balance—Governmental Funds* shows SWODA's total governmental fund balance decreased \$ 103,530 since last year primarily resulting from a decrease in case management billing and community development projects not yet completed to billing phases.

## **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**

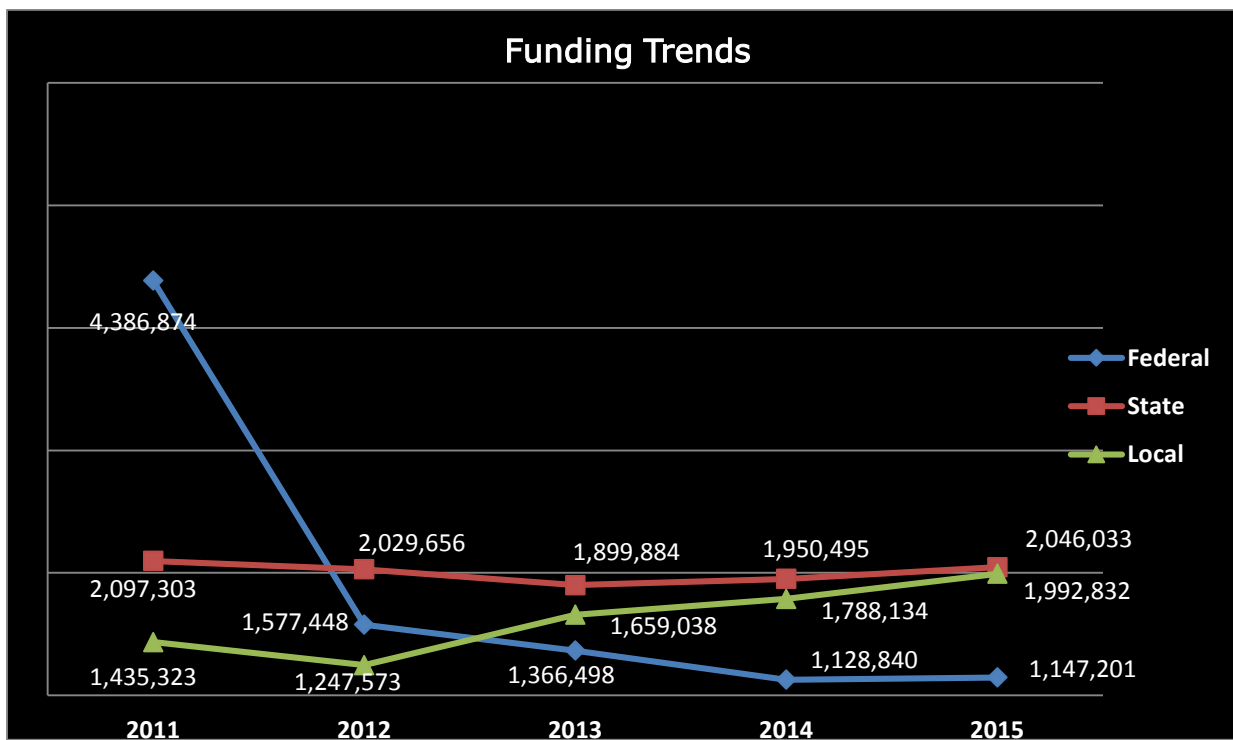
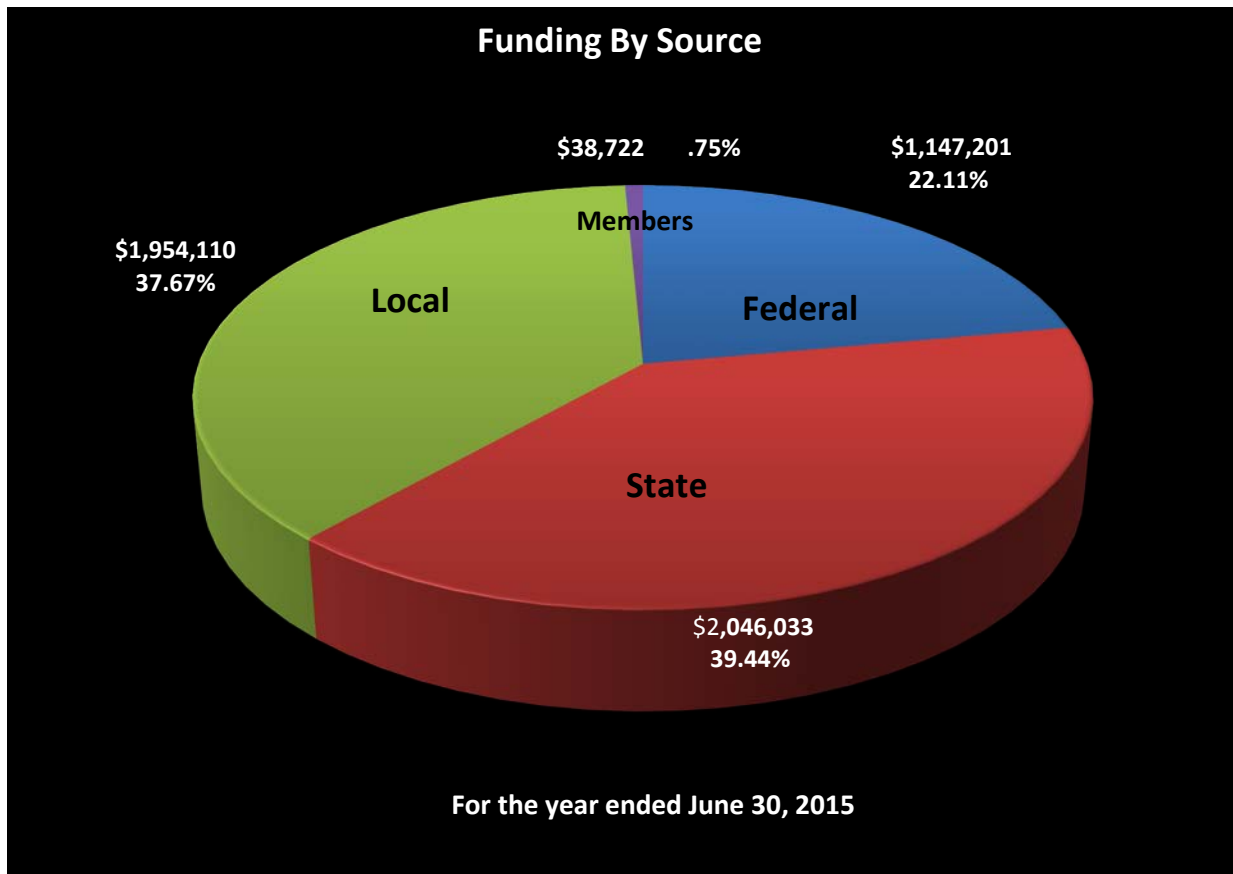
As of June 30, 2015, SWODA had \$ 399,751 invested in capital assets, which is a net decrease from the previous year of \$ 436,529 due primarily to current depreciation expense.

## **Debt administration**

SWODA had no debt outstanding during the year ended June 30, 2015.

## **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 \$ 2,009,629 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

## *Basic Financial Statements*



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

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,105,802	\$ (167,401)	\$ 938,401
Investments	1,576,812	-	1,576,812
Receivables, net of allowance for doubtful accounts	373,832	-	373,832
Inventories	7,572	-	7,572
Other assets held for sale	-	567,288	567,288
Capital assets, net of accumulated depreciation	399,751	-	399,751
Total assets	<u>3,463,769</u>	<u>399,887</u>	<u>3,863,656</u>
<b>Deferred outflows of resources</b>			
Deferred amounts related to pensions	172,459	4,090	176,549
Total deferred outflows	<u>172,459</u>	<u>4,090</u>	<u>176,549</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	186,740	33,416	220,156
Unearned revenue	889,776	-	889,776
Deposits	-	1,001	1,001
Net pension liability	117,654	2,790	120,444
Total liabilities	<u>1,194,170</u>	<u>37,207</u>	<u>1,231,377</u>
<b>Deferred inflows of resources</b>			
Deferred amounts related to pensions	432,146	10,248	442,394
Total deferred inflows of resources	<u>432,146</u>	<u>10,248</u>	<u>442,394</u>
<b>Net position</b>			
Net investment in capital assets	339,751	-	339,751
Restricted:			
Expendable	9,482	-	9,482
Nonexpendable	7,572	-	7,572
Unrestricted	1,653,107	356,522	2,009,629
Total net position	<u>\$ 2,009,912</u>	<u>\$ 356,522</u>	<u>\$ 2,366,434</u>

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

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

			Program Revenues	
	Program Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 86,854	\$ 4,510	\$ -	\$ -
Employment & training	668,947	181,321	518,617	-
Aging services	1,512,798	481,325	993,258	-
Public safety	269,830	289,000	70,000	-
Economic development	145,172	26,445	127,195	-
Transportation planning	49,037	-	53,728	-
Community development	1,602,092	90,551	1,430,436	-
Total governmental activities	<u>4,334,730</u>	<u>1,073,152</u>	<u>3,193,234</u>	<u>-</u>
<b>Business-type activities:</b>				
Housing development	700,863	688,576	-	45,000
Total business-type activities	<u>700,863</u>	<u>688,576</u>	<u>-</u>	<u>45,000</u>
Total government	<u>\$ 5,035,593</u>	<u>\$ 1,761,728</u>	<u>\$ 3,193,234</u>	<u>\$ 45,000</u>

General revenues:  
Other  
Interest and investment earnings  
Gain (loss) on disposition of assets  
Transfers  
Total general revenues

**Changes in net position**

Net position, beginning

Restatement

Net position, ending

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

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (82,344)	\$ -	\$ (82,344)
30,991	-	30,991
(38,215)	-	(38,215)
89,170	-	89,170
8,468	-	8,468
4,691	-	4,691
(81,105)	-	(81,105)
<u>(68,344)</u>	<u>-</u>	<u>(68,344)</u>
-	32,713	32,713
<u>-</u>	<u>32,713</u>	<u>32,713</u>
<u>(68,344)</u>	<u>32,713</u>	<u>(35,631)</u>
92,520	-	92,520
17,589	-	17,589
(571)	-	(571)
-	-	-
<u>109,538</u>	<u>-</u>	<u>109,538</u>
41,194	32,713	73,907
2,503,775	336,497	2,840,272
<u>(535,057)</u>	<u>(12,688)</u>	<u>(547,745)</u>
<u>\$ 2,009,912</u>	<u>\$ 356,522</u>	<u>\$ 2,366,434</u>

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

	General Fund (Local Government)	Area Agency on Aging	Advantage Case Management
<b>Assets</b>			
Cash and cash equivalents	\$ 289,344	\$ (27,252)	\$ 164,474
Investments	753,177	-	18,693
Receivables, net of allowance for doubtful accounts	1,126	127,357	36,381
Inventories	7,572	-	-
Total assets	<u>\$ 1,051,219</u>	<u>\$ 100,105</u>	<u>\$ 219,548</u>
<b>Liabilities and fund balance</b>			
Liabilities:			
Accounts payable and accrued expenses	\$ 20,119	\$ 100,105	\$ 16,498
Deferred revenue	-	-	-
Total liabilities	<u>20,119</u>	<u>100,105</u>	<u>16,498</u>
Fund balance:			
Nonspendable:			
Inventory	7,572	-	-
Restricted for:			
Contractual	-	-	-
Committed to:	-	-	-
Assigned to:			
Aging services	-	-	203,050
Public safety	-	-	-
Community development	-	-	-
Economic development	-	-	-
Unassigned	1,023,528	-	-
Total fund balance	<u>1,031,100</u>	<u>-</u>	<u>203,050</u>
Total liabilities and fund balance	<u>\$ 1,051,219</u>	<u>\$ 100,105</u>	<u>\$ 219,548</u>

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



REAP	Employment & Training	Enhanced 911	Other Governmental Funds	Total Governmental Funds
\$ 92,824	\$ (68,534)	\$ 512,112	\$ 142,834	\$ 1,105,802
804,942	-	-	-	1,576,812
-	83,144	-	77,771	325,779
-	-	-	-	7,572
<u>\$ 897,766</u>	<u>\$ 14,610</u>	<u>\$ 512,112</u>	<u>\$ 220,605</u>	<u>\$ 3,015,965</u>

\$ 12,243	\$ 14,610	\$ 3,383	\$ 19,782	\$ 186,740
880,948	-	-	8,828	889,776
<u>893,191</u>	<u>14,610</u>	<u>3,383</u>	<u>28,610</u>	<u>1,076,516</u>

-	-	-	-	7,572
4,575	-	-	4,907	9,482
-	-	-	-	-
-	-	-	-	203,050
-	-	508,729	5,769	514,498
-	-	-	176,099	176,099
-	-	-	5,220	5,220
-	-	-	-	1,023,528
<u>4,575</u>	<u>-</u>	<u>508,729</u>	<u>191,995</u>	<u>1,939,449</u>
<u>\$ 897,766</u>	<u>\$ 14,610</u>	<u>\$ 512,112</u>	<u>\$ 220,605</u>	<u>\$ 3,015,965</u>

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

	General Fund (Local Government)	Area Agency on Aging	Advantage Case Management
<b>Revenues</b>			
Membership dues and assessments	\$ 38,722	\$ -	\$ -
Federal & state grants	-	810,245	-
Contract revenue	4,510	-	431,069
Interest	10,143	-	-
Other	16,298	-	-
Match revenue	-	28,683	-
Total revenues	<u>69,673</u>	<u>838,928</u>	<u>431,069</u>
<b>Expenditures</b>			
Current:			
General government	54,788	-	-
Employment and training	-	-	-
Aging services	-	837,968	522,693
Public safety	-	-	-
Economic development	-	-	-
Transportation planning	-	-	-
Community development	-	-	-
Capital expenditures	18,564	960	501
Total expenditures	<u>73,352</u>	<u>838,928</u>	<u>523,194</u>
Excess of revenues over (under) expenditures	(3,679)	-	(92,125)
<b>Other financing sources (uses)</b>			
Principal received on notes receivable	-	-	-
Liquidation payments to EDA	-	-	-
Transfers in	3,498	-	-
Transfers out	(82,365)	-	-
Total other financing sources and uses	<u>(78,867)</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	(82,546)	-	(92,125)
Fund balance, beginning	<u>1,113,646</u>	<u>-</u>	<u>295,175</u>
Fund balance, ending	<u><u>\$ 1,031,100</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 203,050</u></u>

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

<u>REAP</u>	<u>Employment &amp; Training</u>	<u>Enhanced 911</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 38,722
1,430,436	518,617	-	433,936	3,193,234
-	181,321	270,000	186,252	1,073,152
4,947	-	-	2,499	17,589
-	-	-	-	16,298
-	-	-	84,812	113,495
<u>1,435,383</u>	<u>699,938</u>	<u>270,000</u>	<u>707,499</u>	<u>4,452,490</u>
-	-	-	-	54,788
-	700,311	-	-	700,311
-	-	-	233,269	1,593,930
-	-	194,506	97,918	292,424
-	-	-	220,775	220,775
-	-	-	67,530	67,530
1,451,018	-	-	157,869	1,608,887
-	-	-	569	20,594
<u>1,451,018</u>	<u>700,311</u>	<u>194,506</u>	<u>777,930</u>	<u>4,559,239</u>
(15,635)	(373)	75,494	(70,431)	(106,749)
-	-	-	13,714	13,714
-	-	-	(10,495)	(10,495)
-	373	-	81,992	85,863
-	-	-	(3,498)	(85,863)
<u>-</u>	<u>373</u>	<u>-</u>	<u>81,713</u>	<u>3,219</u>
(15,635)	-	75,494	11,282	(103,530)
<u>20,210</u>	<u>-</u>	<u>433,235</u>	<u>180,713</u>	<u>2,042,979</u>
<u>\$ 4,575</u>	<u>\$ -</u>	<u>\$ 508,729</u>	<u>\$ 191,995</u>	<u>\$ 1,939,449</u>

**South Western Oklahoma Development Authority**  
**Reconciliation of Governmental Funds and Government-Wide**  
**Financial Statements**  
**Year Ended June 30, 2015**

<b>Total fund balance - governmental funds</b>	\$ 1,939,449
--	--------------

Amounts reported for governmental activities  
in the statement of net position are different because:

Assets used in governmental activities are not financial resources, and  
therefore, are not reported as assets in the governmental funds.

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

Liabilities not due in the current period are not reported in the governmental funds.

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

<b>Net position of governmental activities</b>	<u><u>\$ 2,009,912</u></u>
--	----------------------------

<b>Net change in fund balances - total governmental funds</b>	\$ (103,530)
---	--------------

Adjustments for the statement of activities:

Capital outlays are reported as expenditures in governmental funds. However, in the  
statement of activities, the cost of capital assets is allocated over their estimated useful  
life as depreciation expense.

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

Financing transactions with small business entities through the revolving loan funds  
use 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. The details of this difference are as follows:

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

In the statement of activities, the cost of pension benefits earned, net of employer  
contributions is reported as an element of pension expense. The fund financial  
statements report pension contributions as expenditures

<b>Change in net position of governmental activities</b>	<u><u>\$ 41,195</u></u>
--	-------------------------

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



**Southwestern Oklahoma Development Authority**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

	Enterprise Housing Development
<b>Assets</b>	
Cash and cash equivalents	\$ (167,401)
Other assets held for sale	567,288
Total assets	<u>399,887</u>
<b>Deferred outflows of resources</b>	
Deferred amounts related to pensions	4,090
Total deferred outflows	<u>4,090</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	33,416
Deposits	1,001
Net pension liability	2,790
Total liabilities	<u>37,207</u>
<b>Deferred inflows of resources</b>	
Deferred amounts related to pensions	10,248
Total deferred inflows	<u>10,248</u>
<b>Net position</b>	
Net investment in capital assets	-
Restricted	-
Unrestricted	356,522
Total net position	<u><u>\$ 356,522</u></u>

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

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

	Enterprise Housing Development
<b>Operating revenues</b>	
Sale of houses	\$ 688,576
Other	45,000
Total operating revenues	<u>733,576</u>
<b>Operating expenses</b>	
Cost of houses	659,066
Housing development	41,797
Total operating expenses	<u>700,863</u>
Operating income (loss)	32,713
<b>Nonoperating revenues (expenses)</b>	
Total nonoperating revenues (expenses)	<u>-</u>
<b>Operating transfers</b>	
Transfers in	-
Transfers out	-
Total operating transfers	<u>-</u>
<b>Changes in net position</b>	32,713
Net position, beginning	336,497
Restatement	<u>(12,688)</u>
Net position, ending	<u><u>\$ 356,522</u></u>

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

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

	<u>Enterprise Housing Development</u>
<b>Cash flows from operating activities</b>	
Net operating income (loss)	\$ 32,713
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase) decrease in assets:	
Assets held for sale	(204,673)
Increase (decrease) in liabilities:	
Accounts payable and accrued liabilities	7,298
Deposits	1,001
Net pension liability	2,790
Increase (decrease) in deferred outflows/inflows:	
Related to pensions	(6,530)
Net cash provided (used) by operating activities	<u>(167,401)</u>
<b>Cash flows from noncapital financing activities</b>	
Net cash provided (used) by noncapital financing activities	<u>-</u>
<b>Cash flows from capital and related financing activities</b>	
Net cash provided (used) by capital and related financing activities	<u>-</u>
<b>Cash flows from investing activities</b>	
Net cash provided (used) by investing activities	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(167,401)
Cash and cash equivalents, beginning	<u>-</u>
Cash and cash equivalents, ending	<u><u>\$ (167,401)</u></u>

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

**South Western Oklahoma Development Authority**  
**Statement of Net Position**  
**Fiduciary Funds**  
**June 30, 2015**

	<u>Agency</u> <u>Wireless</u> <u>Holding</u> <u>Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 41,494
Total assets	<u>41,494</u>
<b>Liabilities</b>	
Accounts payable and accrued expenses	<u>41,494</u>
Total liabilities	<u>41,494</u>
<b>Net position</b>	<u><u>\$ -</u></u>

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

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

**I. Organization**

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.

**II. Summary of significant accounting policies**

**A. Reporting entity**

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.

**B. Government-wide and fund financial statements**

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

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, 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 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 measurable and available only when cash is received by SWODA.

SWODA reports the following major governmental funds:

The General Fund (Local Government) is SWODA's primary operating fund. It accounts for all financial resources of the general government, including revenues and expenditures applicable to the general operations of SWODA.

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

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

The REAP fund reports the activity related to grants from the Oklahoma Department of Commerce for the Rural Economic Action Plan program. These funds account for revenues and related expenditures passed through to member governments for community development projects.

The Employment & Training fund reports activities related to grants through the Oklahoma Department of Commerce for Workforce Investment Act programs, 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.

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.

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.

#### **D. New Accounting pronouncements**

The Governmental Accounting Standards Board (GASB) has issued several new accounting pronouncements, which will be effective in the current and subsequent years. The following is a description of the new accounting pronouncements and the fiscal year they are effective.

Fiscal Year Ended June 30, 2015:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The purpose of GASB 68 is to improve accounting and financial reporting by state and local governments for pensions. SWODA made adjustments to decrease its beginning net position by \$ 547,746 as a result of implementing this standard.

GASB Statement No. 69, *Government Combinations and Disposals of Operations*. The purpose of GASB 69 is to improve accounting and financial reporting for state and local government combinations and disposals of government operations. This pronouncement had no effect on the financial statements of SWODA.

GASB Statement No. 71, *Pension Transitions for Contributions Made Subsequent to the Measurement Date*. The purpose of GASB 71 is to improve financial accounting and reporting by addressing an issue regarding application of GASB 68 concerning transition provisions related to certain pension contributions made to defined benefit plans prior to implementation of GASB 68 by employers and non-employer contributing entities. This pronouncement had no effect on the financial statements of SWODA.

Fiscal Year Ending June 30, 2016:

GASB Statement No. 72, *Fair Value Measurement and Application*. The purpose of GASB 72 is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurement.

GASB 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*. The purpose of GASB 73 is to improve the usefulness of information about pensions included in external financial reports of state and local governments for making decisions and assessing accountability.

GASB Statement No 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of GASB 76 is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles.

Fiscal Year Ending June 30, 2017:

GASB Statement No 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*. The purpose of GASB 74 is to improve the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

Fiscal Year Ending June 30, 2018:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The purpose of GASB 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions.

## **E. Assets, liabilities, and net position/fund balance**

### ***1. 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.

### ***2. Receivables and payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds". SWODA had no interfund borrowing at June 30, 2015.



All receivables are shown net of an allowance for uncollectibles. Accounts receivable in excess of 90 days generally comprise the allowance for uncollectibles.

### ***3. Inventories and prepaid items***

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

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

### ***4. Capital assets***

Capital assets, which include improvements, furniture and fixtures, and vehicles and equipment, are reported in the 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 or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

	<u>Estimated Life</u>
Buildings and improvements	20 years
Equipment and furniture	5-10 years
Computer equipment and software	3-10 years

### ***5. Compensated absences***

SWODA's policies permit full-time employees to earn vacation leave based on their length of service. The liability for earned but unused vacation is recognized in the financial statements.

### ***6. Long-term obligations***

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, 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 principal and interest payments as fund expenditures.

### ***7. Fund balances and net position***

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

- a. *Nonspendable* – includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- b. *Restricted* – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or

- regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. *Committed* – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the entity’s highest level of decision-making authority.
  - d. *Assigned* – includes amounts that are constrained by the entity’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by board of trustees action or management decision when the board has designated that authority.
  - e. *Unassigned* – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

It is 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.

***Net position*** – Net position is displayed in three components as follows:

- a. *Net investment in capital assets* – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any debt or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.
- b. *Restricted* – consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted* – all other net position that do 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 is available.

## ***8. Allocation of employee benefits and direct 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. Employee benefits are allocated to grant and other projects as a percentage of direct labor costs. Indirect costs necessary to sustain overall operations are allocated as a percentage of total direct labor costs charged to grants and other projects.

### III. Stewardship, compliance, and accountability

#### 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.

### IV. Detailed notes on all funds

#### A. Deposits and investments

##### *Deposits*

SWODA's carrying amount of deposits was \$ 979,895 as of June 30, 2015, and the bank balances totaled \$ 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, 2015, all of SWODA's bank balance was FDIC insured or collateralized.

##### *Investments*

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, 2015, SWODA's investments in certificates of deposit were all federally insured.

*Concentration of Credit Risk.* SWODA places no limit on the amount it may invest 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.

## B. Receivables

### *Accounts Receivable.*

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			Net Receivables
	Accounts	Due from Other Governments	Allowance For Uncollectibles	
Governmental Funds:				
Local government	\$ 1,126	\$ -	\$ -	\$ 1,126
Area Agency on Aging	-	127,357	-	127,357
Employment and training	-	83,144	-	83,144
Advantage case management	-	38,181	(1,800)	36,381
Non major governmental	-	77,771	-	77,771
Total	<u>\$ 1,126</u>	<u>\$ 326,453</u>	<u>\$ (1,800)</u>	<u>\$ 325,779</u>

### *Notes Receivable.*

South Western Oklahoma Development Authority also has two revolving loan funds 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, 2015:

	EDA Revolving Loan Fund
Notes receivables	\$ 48,053
Less: allowance for uncollectibles	-
Net total receivables	<u>\$ 48,053</u>

## C. Capital assets

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

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

Governmental activities:	
General government	\$ 44,178
Aging services	551
Community development	5,803
Total depreciation expense – governmental activities	<u>\$ 50,532</u>

#### **D. Unearned revenue**

Unearned revenue represents advances on grants which have not been expended. REAP planning funds totaling \$ 112,001 have been deferred until required to cover administrative expenses of the program, and are included with the project funds for 2014 and 2015 REAP funds, while REAP project funds are unexpended project funds related to projects not yet completed.

Unearned revenue for the year ended June 30, 2015 totaled \$ 889,776, and included the following:

	Deferred Revenue <u>June 30, 2015</u>	
REAP funds:		
2013 REAP funds	\$ 26,513	
2014 REAP funds	107,321	
2015 REAP funds	<u>747,114</u>	
Total REAP funds	<u>880,948</u>	
Other funds:		
2014 Masonic Foundation grant	1,745	
2015 Masonic Foundation grant	6,628	
EDA planning	<u>455</u>	
Total deferred revenue	<u>\$ 889,776</u>	

#### **E. Non-current liabilities**

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

Governmental activities	
Net pension liability	<u>\$ 117,654</u>
Business-type activities	
Net pension liability	<u>\$ 2,790</u>

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	\$ -

\* Beginning balances were not restated to reflect implementation of GASB Statement No. 68 on pensions.

#### F. Compensated absences

Full-time employees earn vacation of 15 to 20 days per year depending on years of service completed. Up to 25 days may be carried forward to the following year. In accordance with the guidelines set forth by GASB Statement No. 16, *Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences*, a provision has been made for accumulated vacation, compensatory time, holiday pay, and sick leave as follows:

Governmental activities:	\$ 60,270
Business-type activities	1,756
Total compensated absences	<u>\$ 62,026</u>

Full-time employees are granted sick leave of 12 days per year. Up to 60 days may be carried forward to the following year. Upon separation, no compensation is provided for accrued sick leave.

#### G. Interfund transfers

	Transfers out:		
	General Fund (local)	Other Governmental Funds	Totals
<b><u>Transfers in:</u></b>			
General fund (local)	\$ -	\$ 3,498	\$ 3,498
Employment & Training	373	-	373
Other governmental	81,992	-	81,992
Total	<u>\$ 82,365</u>	<u>\$ 3,498</u>	<u>\$ 85,863</u>

#### V. Other information

##### A. 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.

## **B. 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.

## **C. Contingent liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the agencies, principally the federal government and State of Oklahoma. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although 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 exists, then SWODA would pay to OPERS the amount of hours up to 480 hours times the employee's pay rate.

## **D. Employee retirement system and pension plan**

### Oklahoma Public Employees Retirement System (OPERS)

Plan Description – SWODA, as the employer, participates in the Oklahoma Public Employees Retirement System, a multiple-employer, cost-sharing public employee retirement plan, which is a defined benefit pension plan covering substantially all state employees except employees covered by six other plans sponsored by the State. It also covers employees of participating county and local agencies. OPERS issues a publicly available comprehensive annual financial report that can be obtained at <http://www.opers.ok.gov/Websites/opers/images/pdfs/CAFR-2014-OPERS.pdf>.

### Summary of Plan Provisions:

Effective date:

The Plan became effective January 1, 1964. The fiscal year is July 1 to June 30.

Employees included:

All permanent employees of the State of Oklahoma, and any other employer such as a county, county hospital, city or town, conservation districts, circuit engineering districts, and any trust in which a county, city, or town participates and is the primary beneficiary, are eligible to join if:

- \* The employee is not eligible for or participating in another retirement system authorized under Oklahoma law, is covered by Social Security and not participating in the U.S. Civil Service Retirement System,
- \* The employee is scheduled for 1,000 hours per year and salary is not less than the hourly rate of the monthly minimum wage for State employees (for employees of local government employers, not less than the hourly rate of the monthly minimum wage for such employees).

Employee and employer contributions:	5% of pay for employees and 15% for employers.
Final average compensation:	Generally the highest annual average of any thirty-six (36) months within the last ten years of participating service. For members hire on or after July 1, 2013, the highest annual average of any sixty months within the last ten years of participating service.
Retirement date:	
Normal:	Age 62 (age 60 for elected officials), 80 age/service points if hired before July 1, 1992, 90 age/service points fir hired on or after July 1, 1992.  For non-elected employees hired on or after November 1, 2011, the retirement age is age 65 or 90 age/service points if at least 60. For elected officials hired on or after November 1, 2011, age 65 with 8 years of service or 62 with 10 years of service.  20 years of service for certain members covered by the Department of Corrections Hazardous Duty provisions and certain Oklahoma Military Department Firefighters.
Early:	Age 55 with 10 years of service.
Normal retirement benefit:	General formula is 2% of final average compensation multiplied by years of credited service.
Disability benefit:	After eight (8) years of service, provided the member qualifies for disability benefits as certified either by the Social Security Administration or the Railroad Retirement Board. Benefit is determined by the normal retirement formula based on service and salary history at date of disability. The benefit is payable immediately without actuarial reduction.
In-service death benefit:	If the deceased member was vested, the benefit that would have been paid the member had he/she retired and elected the joint and 100% survivor option (Option B).  For elected officials, it is 50% of the benefit that would have been paid the member had he/she retired.
Postretirement death benefit:	\$ 5,000 lump-sum.
Forms of payment:	Life annuity, joint and 50% survivor, joint and 100% survivor annuity, life annuity with minimum of 120 monthly payments, and Medicare Gap Benefit option.
Supplemental medical insurance premium:	The system will contribute the lessor of \$105 per month or the Medicare Supplement Premium to the Office of Management and Enterprise Services, Employees Group Insurance Division (or other eligible employer health plans) for members receiving retirement benefits.



Pension liabilities, pension expense, and deferred outflows and inflows of resources related to pensions – As of June 30, 2015, SWODA reported a net pension liability of \$ 120,444 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. SWODA's proportion of the net pension liability was based on SWODA's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2014. Based upon this information, SWODA's proportionate share was 0.06561403 percent.

For the year ended June 30, 2015, SWODA recognized \$ 8,200 in pension expense. At June 30, 2015, SWODA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (39,875)
Changes of assumptions	6,892	-
Net difference between projected and actual earnings on pension plan investments	-	(402,519)
SWODA contributions subsequent to the measurement date	169,657	-
Total	<u>\$ 176,549</u>	<u>\$ (442,394)</u>

Amortization of Pension Deferrals – \$ 169,657 reported as deferred outflows of resources related to pensions resulting from SWODA's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Amounts reported as deferred outflows of resources and deferred inflows of resources 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 was determined by an actuarial valuation as of July 1, 2014 actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of 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

The actuarial assumptions used in the July 1, 2014, valuation were 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 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. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014, 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 7.5%. 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 these 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 SWODA, 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:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
SWODA's net pension liability (asset)	\$ 749,855	\$ 120,444	\$ (414,655)

Payables to the Pension Plan – There are no payables to the pension plan for the year ended June 30, 2015.

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) .

#### **E. Commitments**

SWODA has entered into construction contracts with several unrelated parties, in the amount of \$ 55,894 (including change orders), for home construction within its service area. At June 30, 2015, \$ 48,057 of such contract commitments had not yet been incurred.

During the year ended June 30, 2015, SWODA awarded several REAP grants to cities and towns within its service area that have not expended as of June 30, 2015. Of the awarded grants totaling \$ 100,000 for grant year 2014, \$ 28,587 remains unexpended. For 2015 REAP grants awarded totaling \$ 824,517, the balance of those funds unexpended at June 30, 2015 is \$ 692,775.

The remaining unexpended commitment from the Masonic Temple contribution is \$ 6,800 as of June 30, 2015. The original amount received was \$ 41,755.

#### **F. Subsequent events**

Management has evaluated subsequent events through January 8, 2016, the date which the financial statements were available to be issued.

#### **G. Prior period adjustments**

Adjustments were made to beginning net position in the government-wide financial statements for governmental and business-type activities and the proprietary fund financial statements to reflect a change in accounting principle as a result of implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Government-Wide Financial Statements –	
Governmental activities	\$ (535,057)
Business-type activities	(12,688)
	<u>\$ (547,745)</u>
Proprietary Fund Financial Statements –	
Housing development	<u>\$ (12,688)</u>

*Required Supplementary Information*

**South Western Oklahoma Development Authority**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability and Related Ratios**

Oklahoma Public Employees Retirement System

0.065614030%

	2014
<b>Total Pension Liability</b>	
Service cost	\$ 121,278
Interest cost	408,112
Difference between expected and actual experience	(58,509)
Changes in assumptions	10,113
Benefit payments	(341,614)
Refunds of contributions	(9,762)
<b>Net change in total pension liability</b>	<u>129,619</u>
<b>Total pension liability, beginning</b>	<u>5,614,016</u>
<b>Total pension liability, ending</b>	<u><u>5,743,635</u></u>
 <b>Plan Net Fiduciary Position</b>	
Employer contributions	183,751
Employee contributions	46,274
Net investment income	864,779
Benefit payments	(341,614)
Administrative expense	(3,090)
Refunds of contributions	(9,762)
<b>Net change in total pension liability</b>	<u>740,338</u>
<b>Plan net fiduciary position, beginning</b>	<u>4,882,853</u>
<b>Plan net fiduciary position, ending</b>	<u><u>5,623,191</u></u>
 <b>Net pension liability, ending</b>	 <u><u>\$ 120,444</u></u>
 Plan net fiduciary position as percentage of total pension liability	 97.90%
 Covered employee payroll	 \$ 1,112,386
 Net pension liability position as percentage of covered employee payroll	 10.83%

**Notes to schedule:**

1. Only the current fiscal year is presented because 10-year data is not yet available.

# South Western Oklahoma Development Authority

## Required Supplementary Information

### Schedule of Employer Contributions

Oklahoma Public Employees Retirement System	2014
Actuarially determined employer contribution	\$ 169,861
Actual employer contributions	183,751
<b>Contribution deficiency (excess)</b>	<b>\$ (13,890)</b>
Covered-employee payroll	1,112,386
Actual contributions as a percentage of covered-employee payroll	16.52%

**Notes to schedule:**

1. Only the current fiscal year is presented because 10-year data is not yet available.
2. Latest valuation date: Actuarially determined contributions are calculated as of the beginning of the fiscal year in which contributions are reported.
3. Actuarially determined contribution rate is calculated as of July 1, 2013 and July 1, 2014.
4. Methods and assumptions to determine contribution rates:
  - Actuarial cost method - Entry age normal
  - Amortization method - Level percentage of payroll, closed
  - Remaining amortization period - 13 years
  - Asset valuation method - 5-year moving average
  - Inflation - 3.00%
  - Salary increase - 4.50 to 8.40 percent, including inflation
  - Investment rate of return - 7.50%, compounded annually, net of investment expense and including inflation
  - Retirement age - Age 65 for all members hired on or after November 1, 2011, age 62 for members hired prior to November 1, 2011.
  - Mortality - Active participants and nondisabled pensioners - RP-2000 Mortality Table projected to 2010 by Scale AA (disabled pensioners set forward 15 years)

**Other information:**

The plan has been amended by House Bill 2630 in 2014 which states that effective November 1, 2015, OPERS shall create a defined contribution plan for most people first employed by a participating employer. Exemptions from the new defined contribution plan include hazardous duty members and district attorneys, assistant district attorneys and employees of the district attorney's office. Each employer shall send to OPERS the difference between the required employer contribution to OPERS and the amount required to match the participating employee's contribution in the defined contribution plan.

Senate Bill 2120, also enacted in 2014, amends House Bill 2630 to further exempt from the new defined contribution plan, county elected officials and employees of a county, county hospital, city or town, conservation district, circuit engineering district, and any public or private trust in which a county, city or town participates. Senate Bill 2120 also states that employees who participate in the defined contribution system are excluded from the \$ 105 health subsidy.

New employees specifically exempted from the defined contribution plan will participate in the existing defined benefit plan.

*Other Supplementary Information*

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

	2015 REAP	2014 REAP	2013 REAP	2012 REAP
<b>Assets</b>				
Cash and cash equivalents	\$ 54,424	\$ 66,804	\$ 28,314	\$ (59,718)
Investments	694,407	50,817	-	59,718
Total assets	<u>\$ 748,831</u>	<u>\$ 117,621</u>	<u>\$ 28,314</u>	<u>\$ -</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 85	\$ 7,368	\$ 1,790	\$ -
Deferred revenue	747,114	107,321	26,513	-
Total liabilities	<u>747,199</u>	<u>114,689</u>	<u>28,303</u>	<u>-</u>
<b>Fund balances</b>				
Nonspendable:				
Restricted for:				
Contractual	1,632	2,932	11	-
Committed to:	-	-	-	-
Assigned to:				
Unassigned	-	-	-	-
Total fund balances	<u>1,632</u>	<u>2,932</u>	<u>11</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 748,831</u>	<u>\$ 117,621</u>	<u>\$ 28,314</u>	<u>\$ -</u>



2010 REAP	REAP Planning	Total
\$ 3,000	\$ -	\$ 92,824
-	-	804,942
<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 897,766</u>
<u>3,000</u>	<u>-</u>	<u>893,191</u>
-	-	4,575
-	-	-
-	-	-
-	-	4,575
<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 897,766</u>

**South Western Oklahoma Development Authority**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**REAP**  
**Year Ended June 30, 2015**

	2015 REAP	2014 REAP	2013 REAP	2012 REAP
<b>Revenues</b>				
Federal & state grants	\$ 341,375	\$ 904,973	\$ 97,415	\$ 86,673
Interest	1,632	2,181	360	774
Total revenues	<u>343,007</u>	<u>907,154</u>	<u>97,775</u>	<u>87,447</u>
<b>Expenditures</b>				
Current:				
Community development	341,375	904,973	101,627	100,043
Total expenditures	<u>341,375</u>	<u>904,973</u>	<u>101,627</u>	<u>100,043</u>
Excess of revenues over (under) expenditures	1,632	2,181	(3,852)	(12,596)
<b>Other financing sources (uses)</b>				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	1,632	2,181	(3,852)	(12,596)
Fund balances, beginning	<u>-</u>	<u>751</u>	<u>3,863</u>	<u>12,596</u>
Fund balances, ending	<u><u>\$ 1,632</u></u>	<u><u>\$ 2,932</u></u>	<u><u>\$ 11</u></u>	<u><u>\$ -</u></u>

2010 REAP	REAP Planning	Total
\$ -	\$ -	\$ 1,430,436
-	-	4,947
-	-	1,435,383
3,000	-	1,451,018
3,000	-	1,451,018
(3,000)	-	(15,635)
-	-	-
(3,000)	-	(15,635)
3,000	-	20,210
\$ -	\$ -	\$ 4,575

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

	E & T Administrative Cost Pool	WIA 15759 Adult	WIA 16000 Adult	WIA 16209 Adult
<b>Assets</b>				
Cash and cash equivalents	\$ 1,855	\$ -	\$ -	\$ 1,660
Receivables	-	-	-	93
Total assets	<u>\$ 1,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,753</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 1,855	\$ -	\$ -	\$ 1,753
Total liabilities	<u>1,855</u>	<u>-</u>	<u>-</u>	<u>1,753</u>
<b>Fund balances</b>				
Nonspendable:				
Restricted for:				
Contractual	-	-	-	-
Committed to:	-	-	-	-
Assigned to:				
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,753</u>

WIA 15529 Youth	WIA 15925 Youth	WIA 6553286 Youth	WIA 15551 DLW	WIA 15768 DLW	WIA 16001 DLW	WIA 16210 DLW
\$ -	\$ (6,630)	\$ (18,285)	\$ -	\$ (36,324)	\$ (12)	\$ (712)
-	12,490	18,285	-	36,324	12	1,662
<u>\$ -</u>	<u>\$ 5,860</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 950</u>
\$ -	\$ 5,860	\$ -	\$ -	\$ -	\$ -	\$ 950
-	5,860	-	-	-	-	950
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 5,860</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 950</u>

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

Page 2 of 2

	WIA 16604 Incentive	SCOWIB	Total
<b>Assets</b>			
Cash and cash equivalents	\$ (329)	\$ (9,757)	\$ (68,534)
Receivables	329	13,949	83,144
Total assets	<u>\$ -</u>	<u>\$ 4,192</u>	<u>\$ 14,610</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ -	\$ 4,192	\$ 14,610
Total liabilities	<u>-</u>	<u>4,192</u>	<u>14,610</u>
<b>Fund balances</b>			
Nonspendable:			
Restricted for:			
Contractual	-	-	-
Committed to:	-	-	-
Assigned to:			
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 4,192</u>	<u>\$ 14,610</u>

This page intentionally left blank

**South Western Oklahoma Development Authority**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Employment & Training**  
**Year Ended June 30, 2015**

	E & T Administrative Cost Pool	WIA 15759 Adult	WIA 16000 Adult	WIA 16209 Adult
<b>Revenues</b>				
Federal & state grants	\$ -	\$ 16,829	\$ 9,292	\$ 115,744
Contract revenue	-	-	-	-
Total revenues	<u>-</u>	<u>16,829</u>	<u>9,292</u>	<u>115,744</u>
<b>Expenditures</b>				
Current:				
Employment and training	-	16,829	9,292	115,744
Total expenditures	<u>-</u>	<u>16,829</u>	<u>9,292</u>	<u>115,744</u>
Excess of revenues over (under) expenditures	-	-	-	-
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	-	-	-	-
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



WIA 15529 Youth	WIA 15925 Youth	WIA 6553286 Youth	WIA 15551 DLW	WIA 15768 DLW	WIA 16001 DLW	WIA 16210 DLW
\$ 46,938	\$ 128,851	\$ 18,285	\$ 9,639	\$ 108,334	\$ 10,961	\$ 53,415
-	-	-	-	-	-	-
46,938	128,851	18,285	9,639	108,334	10,961	53,415
46,938	128,851	18,285	9,639	108,334	10,961	53,415
46,938	128,851	18,285	9,639	108,334	10,961	53,415
46,938	128,851	18,285	9,639	108,334	10,961	53,415
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Page 2 of 2

**South Western Oklahoma Development Authority**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Employment & Training**  
**Year Ended June 30, 2015**

	WIA 16604 Incentive	SCOWIB	Total
<b>Revenues</b>			
Federal & state grants	\$ 329	\$ -	\$ 518,617
Contract revenue	-	181,321	181,321
Total revenues	<u>329</u>	<u>181,321</u>	<u>699,938</u>
<b>Expenditures</b>			
Current:			
Employment and training	<u>329</u>	<u>181,694</u>	<u>700,311</u>
Total expenditures	<u>329</u>	<u>181,694</u>	<u>700,311</u>
Excess of revenues over (under) expenditures	-	(373)	(373)
<b>Other financing sources (uses)</b>			
Transfers in	-	373	373
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>373</u>	<u>373</u>
<b>Net change in fund balances</b>	-	-	-
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

This page intentionally left blank

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

	Special Revenue			
	State Appropriations	Firewise	Rural Fire Defense	Community Improvement Projects
<b>Assets</b>				
Cash and cash equivalents	\$ (2,860)	\$ 5,769	\$ (3,240)	\$ (3,814)
Receivables	2,860	-	7,917	6,812
Total assets	<u>\$ -</u>	<u>\$ 5,769</u>	<u>\$ 4,677</u>	<u>\$ 2,998</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 4,677	\$ 2,998
Deferred revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>4,677</u>	<u>2,998</u>
<b>Fund balances</b>				
Nonspendable:				
Restricted for:				
Contractual	-	-	-	-
Committed to:	-	-	-	-
Assigned to:				
Public safety	-	5,769	-	-
Community development	-	-	-	-
Economic development	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>5,769</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 5,769</u>	<u>\$ 4,677</u>	<u>\$ 2,998</u>

Special Revenue						
Community Development Administration	Hazard Mitigation	Developmental Planning Administration	EDA District Planning	EDA Entrepreneur Development	EDA Revolving Loan Fund	Rural Transportation Planning
\$ 178,295	\$ (254)	\$ (11,390)	\$ (9,084)	\$ (3,026)	\$ 4,833	\$ (1,900)
-	1,000	18,200	14,372	3,035	-	4,148
<u>\$ 178,295</u>	<u>\$ 746</u>	<u>\$ 6,810</u>	<u>\$ 5,288</u>	<u>\$ 9</u>	<u>\$ 4,833</u>	<u>\$ 2,248</u>
\$ 2,196	\$ 746	\$ 1,590	\$ 4,833	\$ 9	\$ -	\$ 2,174
-	-	-	455	-	-	-
<u>2,196</u>	<u>746</u>	<u>1,590</u>	<u>5,288</u>	<u>9</u>	<u>-</u>	<u>2,174</u>
-	-	-	-	-	4,833	74
-	-	-	-	-	-	-
-	-	-	-	-	-	-
176,099	-	-	-	-	-	-
-	-	5,220	-	-	-	-
-	-	-	-	-	-	-
<u>176,099</u>	<u>-</u>	<u>5,220</u>	<u>-</u>	<u>-</u>	<u>4,833</u>	<u>74</u>
<u>\$ 178,295</u>	<u>\$ 746</u>	<u>\$ 6,810</u>	<u>\$ 5,288</u>	<u>\$ 9</u>	<u>\$ 4,833</u>	<u>\$ 2,248</u>

**South Western Oklahoma Development Authority**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2015**  
(continued)

	Special Revenue			
	MFP Living Choice	Oklahoma Commission on Children & Youth	Masonic Grant	CENA
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 13	\$ 8,373	\$ (17,493)
Receivables	-	-	-	17,495
Total assets	<u>\$ -</u>	<u>\$ 13</u>	<u>\$ 8,373</u>	<u>\$ 2</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ -	\$ 13	\$ -	\$ 2
Deferred revenue	-	-	8,373	-
Total liabilities	<u>-</u>	<u>13</u>	<u>8,373</u>	<u>2</u>
<b>Fund balances</b>				
Nonspendable:				
Restricted for:				
Contractual	-	-	-	-
Committed to:	-	-	-	-
Assigned to:				
Public safety	-	-	-	-
Community development	-	-	-	-
Economic development	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 13</u>	<u>\$ 8,373</u>	<u>\$ 2</u>

<u>Special Revenue</u>		
<u>ADRC</u>	<u>MIPPA</u>	<u>Total</u>
\$ 446	\$ (1,834)	\$ 142,834
-	1,932	77,771
<u>\$ 446</u>	<u>\$ 98</u>	<u>\$ 220,605</u>
\$ 446	\$ 98	\$ 19,782
-	-	8,828
<u>446</u>	<u>98</u>	<u>28,610</u>
-	-	4,907
-	-	-
-	-	5,769
-	-	176,099
-	-	5,220
-	-	-
<u>-</u>	<u>-</u>	<u>191,995</u>
<u>\$ 446</u>	<u>\$ 98</u>	<u>\$ 220,605</u>

**South Western Oklahoma Development Authority**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2015**

	Special Revenue			
	State Appropriations	Firewise	Rural Fire Defense	Community Improvement Projects
<b>Revenues</b>				
Federal & state grants	\$ 34,322	\$ -	\$ 70,000	\$ -
Contract revenue	-	19,000	-	41,206
Interest	-	-	-	-
Match revenue	-	-	-	-
Total revenues	<u>34,322</u>	<u>19,000</u>	<u>70,000</u>	<u>41,206</u>
<b>Expenditures</b>				
Current:				
General Government	-	-	-	-
Aging services	-	-	-	-
Public safety	-	13,231	84,687	-
Economic development	34,322	-	-	-
Transportation planning	-	-	-	-
Community development	-	-	-	80,430
Capital expenditures	-	-	-	569
Total expenditures	<u>34,322</u>	<u>13,231</u>	<u>84,687</u>	<u>80,999</u>
Excess of revenues over (under) expenditures	-	5,769	(14,687)	(39,793)
<b>Other financing sources (uses)</b>				
Principal received on notes receivable	-	-	-	-
Liquidation payments to EDA	-	-	-	-
Transfers in	-	-	14,687	39,793
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>14,687</u>	<u>39,793</u>
<b>Net change in fund balances</b>	-	5,769	-	-
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ 5,769</u>	<u>\$ -</u>	<u>\$ -</u>



Special Revenue						
Community Development Administration	Hazard Mitigation	Developmental Planning Administration	EDA District Planning	EDA Entrepreneur Development	EDA Revolving Loan Fund	Rural Transportation Planning
\$ -	\$ -	\$ -	\$ 63,202	\$ 29,171	\$ -	\$ 53,728
37,595	11,750	26,445	-	-	-	-
-	-	-	-	-	2,499	-
-	-	-	42,135	29,171	-	13,506
<u>37,595</u>	<u>11,750</u>	<u>26,445</u>	<u>105,337</u>	<u>58,342</u>	<u>2,499</u>	<u>67,234</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	21,225	105,337	58,342	1,049	-
-	-	-	-	-	-	67,530
38,177	39,262	-	-	-	-	-
-	-	-	-	-	-	-
<u>38,177</u>	<u>39,262</u>	<u>21,225</u>	<u>105,337</u>	<u>58,342</u>	<u>1,049</u>	<u>67,530</u>
(582)	(27,512)	5,220	-	-	1,450	(296)
-	-	-	-	-	13,714	-
-	-	-	-	-	(10,495)	-
-	27,512	-	-	-	-	-
-	-	-	-	-	(3,498)	-
<u>-</u>	<u>27,512</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(279)</u>	<u>-</u>
(582)	-	5,220	-	-	1,171	(296)
<u>176,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,662</u>	<u>370</u>
<u>\$ 176,099</u>	<u>\$ -</u>	<u>\$ 5,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,833</u>	<u>\$ 74</u>

**South Western Oklahoma Development Authority**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2015**

(continued)

	Special Revenue			
	MFP Living Choice	Oklahoma Commission on Children & Youth	Masonic Grant	CENA
<b>Revenues</b>				
Federal & state grants	\$ 695	\$ 500	\$ -	\$ 180,386
Contract revenue	-	-	50,256	-
Interest	-	-	-	-
Match revenue	-	-	-	-
Total revenues	<u>695</u>	<u>500</u>	<u>50,256</u>	<u>180,386</u>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Aging services	695	-	50,256	180,386
Public safety	-	-	-	-
Economic development	-	500	-	-
Transportation planning	-	-	-	-
Community development	-	-	-	-
Capital expenditures	-	-	-	-
Total expenditures	<u>695</u>	<u>500</u>	<u>50,256</u>	<u>180,386</u>
Excess of revenues over (under) expenditures	-	-	-	-
<b>Other financing sources (uses)</b>				
Principal received on notes receivable	-	-	-	-
Liquidation payments to EDA	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	-	-	-	-
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue		
ADRC	MIPPA	Total
\$ -	\$ 1,932	\$ 433,936
-	-	186,252
-	-	2,499
-	-	84,812
-	1,932	707,499
-	-	-
-	1,932	233,269
-	-	97,918
-	-	220,775
-	-	67,530
-	-	157,869
-	-	569
-	1,932	777,930
-	-	(70,431)
-	-	13,714
-	-	(10,495)
-	-	81,992
-	-	(3,498)
-	-	81,713
-	-	11,282
-	-	180,713
\$ -	\$ -	\$ 191,995

**South Western Oklahoma Development Authority**  
**Schedule of Indirect Costs**  
**For the Year Ended June 30, 2015**

	Indirect Costs	Building 420 Costs
Indirect salaries	\$ 134,672	\$ 1,272
Employee benefits	38,520	671
Indirect personnel costs	<u>173,192</u>	<u>1,943</u>
Travel	14,129	-
Office & copying expense	15,538	-
Telephone & internet	12,296	-
Consultant & professional	24,947	-
Dues, books & subscriptions	8,185	-
Printing & publications	1,566	-
Equipment rental	-	-
Other	510	-
Registration, fees & permits	895	-
Insurance	14,620	-
Repairs & maintenance	10,598	11,507
Depreciation	12,339	3,959
Building expenses allocated	19,492	-
Supplies	27	141
Utilities	-	12,994
Indirect costs	<u><u>\$ 308,334</u></u>	<u><u>\$ 30,544</u></u>

## *Compliance and Internal Control*

This page intentionally left blank



## Ronald C. Cottrell, CPA

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

#### **Independent Auditor's Report**

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, business-type activities, each major fund, and the aggregate remaining fund information of South Western Oklahoma Development Authority as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of South Western Oklahoma Development Authority, and have issued our report thereon dated January 8, 2016. We did not audit management's discussion and analysis, or the schedules of changes in net pension liability and related ratios and employer contributions, which are required supplementary information, and therefore, expressed no opinion on it. Budgetary comparison information, which is required supplementary information, has not been presented for the general or major special revenue funds.

#### **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 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.

## Ronald C. Cottrell, CPA

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **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.

*Ronald C. Cottrell, CPA*

Ronald C. Cottrell, CPA  
Kansas, Oklahoma  
January 8, 2016



*Single Audit*

This page intentionally left blank



# Ronald C. Cottrell, CPA

## **Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance as Required by OMB Circular A-133**

### **Independent Auditor's Report**

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

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

We have audited South Western Oklahoma Development Authority's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of South Western Oklahoma Development Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about South Western Oklahoma Development Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of South Western Oklahoma Development Authority's compliance.

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

In our opinion, 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, 2015.

### Report on Internal Control Over Compliance

Management of 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 South Western Oklahoma Development Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Ronald C. Cottrell, CPA  
Ronald C. Cottrell, CPA  
Kansas, Oklahoma  
January 8, 2016

**South Western Oklahoma Development Authority**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2015**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
<b>FEDERAL PROGRAMS</b>			
<u>U. S. Department of Labor</u>			
Pass-Through Program From:			
Oklahoma Department of Commerce -			
<i>Workforce Investment Act (WIA) Cluster</i>			
WIA Title I Adult	17.258	15759 WASFY 14	\$ 16,829
		16000 WAS 14	9,292
		16209 WASFY 15	115,744
<i>Subtotal WIA Title I Adult</i>			<u>141,865</u>
WIA Title I Youth	17.259	15529 WYS 13	46,938
		15925 WYS 14	128,851
		6-553286 PY 15 YOUTH	18,285
<i>Subtotal WIA Title I Youth</i>			<u>194,074</u>
WIA Title I Dislocated Worker	17.278	15551 WDW 13	9,639
		15768 WDWFY 14	108,334
		16001 WDW 14	10,961
		16210 WDWFY 15	53,415
		16604 WDWFY 15	329
<i>Subtotal WIA Title I Dislocated Worker</i>			<u>182,678</u>
<i>Subtotal WIA Cluster</i>			<u>518,617</u>
Total U.S. Department of Labor			<u>518,617</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 and			
Senior Centers	93.044		124,621
Part C, Nutrition Services	93.045		222,719
Nutrition Services Incentive Program	93.053		70,596
<i>Subtotal Aging Cluster</i>			<u>417,936</u>
Oklahoma Department of Human Services			
<i>Other Programs</i>			
Area Agency on Aging Title III Part D	93.043		4,842
Area Agency on Aging Title III Part E	93.052		50,580
Area Agency on Aging Title VII	93.041		1,754
Money Follows the Person			
(Living Choice) ADRC	93.626	PA 1505408	1,141
Medicare Improvements for Patients and			
Providers (MIPPA II)	93.071	PA 14016131	1,932
<i>Subtotal Other Programs</i>			<u>60,249</u>
Total U.S. Department of Health and Human Services			<u>478,185</u>

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

**South Western Oklahoma Development Authority**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2015**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
<b>FEDERAL PROGRAMS</b>			
<u>U.S. Department of Commerce</u>			
Direct Program -			
Title II, Section 203 Planning Assistance:			
Continuation planning	11.302	08-83-04949	63,202
Entrepreneurship Development		08-86-04792	29,171
Economic Adjustment Assistance/			
Revolving Loan Fund	11.307	08-39-02979	52,887
Total U.S. Department of Commerce			<u>145,260</u>
<u>U.S. Department of Transportation</u>			
Pass-Through Program From:			
Oklahoma Department of Transportation			
Oklahoma Association of Regional Councils (OARC)			
Rural Transportation Planning	20.205	SPRY0010(057); JP 01946(59)	13,473
Rural Transportation Planning	20.205	SPRY0010(059); JP 01946(61)	40,255
Total U.S. Department of Transportation			<u>53,728</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,195,790</u></u>

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

**South Western Oklahoma Development Authority**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2015**

**I. Basis of Accounting**

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

**II. Expenditures**

Expenditures represent the current year federal grant/contract portion only.

**III. Noncash Awards**

South Western Oklahoma Development Authority had the following loans receivable outstanding at, June 30, 2015:

Program Title	Federal CFDA No.	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	\$ 48,053

**IV. Subrecipients**

Of the expenditures presented in the schedule of federal awards, South Western Oklahoma Development Authority provided federal awards to subrecipients as follows:

Program Title	Federal CFDA No.	Amount Passed-Through
<u>U.S. Department of Health and Human Services</u>		
Special Programs for the Aging, - Title III -		
Part B – Grants for Supportive Services and Senior Centers	93.044	\$ 124,621
Part C – Nutrition Services	93.045	222,719
Part D – Disease Prevention and Health Promotion Services	93.043	4,842
Part E – Caregiver Support	93.052	50,580
Area Agency on Aging NSIP	93.053	70,596
		<u>\$ 473,358</u>

**South Western Oklahoma Development Authority**  
**Schedule of Expenditures of State Awards**  
**Year Ended June 30, 2015**

State Grantor/ Pass-Through Grantor/ Program or Cluster Title	Grantor Identifying Number	Expenditures
<b>STATE PROGRAMS</b>		
<u>Oklahoma Department of Commerce</u>		
Substate Planning District	16148 SS 15	\$ 34,322
Community Expansion of Nutritional Assistance	16055 CENA 15	180,386
Rural Economic Action Plan	13890 REAP 10	3,000
	14778 REAP 12	86,673
	15289 REAP 13	97,415
	15693 REAP 14	904,973
	16136 REAP 15	341,375
Total Rural Economic Action Plan		1,433,436
Total Oklahoma Department of Commerce		1,648,144
<u>Oklahoma Department of Agriculture, Food, and Forestry -</u>		
Pass-Through Program From:		
Oklahoma Association of Regional Councils		
Fire and Safety Services/Rural Fire Defense	FY 2015	70,000
Total Oklahoma Department of Agriculture, Food, and Forestry		70,000
<u>Oklahoma Department of Human Services</u>		
<i>Area Agency on Aging</i>		
Title III Part B	FY 2015	133,097
Title III Part C	FY 2015	189,936
Title III Part D	FY 2015	854
Title III Part E	FY 2015	3,693
Title VII	FY 2015	309
Total Oklahoma Department of Human Services		327,889
Total Expenditures of State Awards		\$ 2,046,033



**South Western Oklahoma Development Authority**  
**Summary Schedule of Prior Audit Findings**

**Financial Statement Findings**

**2014-1 Disbursements**

Condition – Of the forty (40) applications for payment for housing construction expenses reviewed, twelve (12) were not approved by the Executive Director prior to payment.

Sales taxes totaling \$1,374 were included in the payments made on five invoices for housing construction.

Expenditures totaling \$4,526 for housing construction costs were not included on the application for payment prepared by the construction manager.

Claims for reimbursement for Area Agency on Aging payments for November 2014 made to SOCAG and CADC did not have proper supporting documentation at the time the payments were made. Supporting documentation was received before the end of audit fieldwork.

Status – This condition has been resolved.

**2014-2 Credit Card Purchases**

Condition – Personal expenses incurred by one employee totaling \$1,679 beginning in July 2014 and continuing through April 2015 were charged to the SWODA credit card issued to the employee, but were not reimbursed to SWODA until April, 2015.

Status – This condition has been resolved.

**Federal Award Findings and Questioned Costs**

There were no matters reported in the prior year's audit report.

**South Western Oklahoma Development Authority**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2015**

---

**Section I – Summary of Auditor’s Results**

---

*Financial Statements*

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

*Federal Awards*

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No
Identification of major programs:	

---

*CFDA Numbers*

---

*Name of Federal Program or Cluster*

93.044 – 93.053

Aging Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$ 300,000
Auditee qualified as low-risk auditee?	Yes

---

**Section II – Financial Statement Findings**

---

No matters were reported.

---

**Section III – Federal Award Findings and Questioned Costs**

---

No matters were reported.