

SWODA



June 30, 2013

South Western Oklahoma
Development Authority

Audit Report



South Western Oklahoma Development Authority
Report on Audit of Financial Statements
June 30, 2013

Table of Contents

	<u>Pages</u>
Independent Auditor's Report	1–3
Required Supplementary Information –	
Management's Discussion and Analysis	4–10
Basic Financial Statements	
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	20–31
<u>Other Supplementary Information</u>	
Combining Financial Statements	
REAP	
Balance Sheet	32
Statement of Revenues, Expenditures, and Changes in Fund Balances	33
Employment & Training	
Balance Sheet	34–35
Statement of Revenues, Expenditures, and Changes in Fund Balances	36–37
Nonmajor Governmental Funds	
Balance Sheet	38–39
Statement of Revenues, Expenditures, and Changes in Fund Balances	40–41

South Western Oklahoma Development Authority
Report on Audit of Financial Statements
June 30, 2013

Table of Contents

	<u>Pages</u>
<u>Other Supplementary Information</u> (continued)	
Schedule of Indirect Costs	42
Compliance and Internal Control Report	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	43–44
<u>Single Audit</u>	
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance as Required By OMB Circular A-133	45–46
Schedule of Expenditures of Federal Awards	47–48
Notes to the Schedule of Expenditures of Federal Awards	49
Schedule of Expenditures of State Awards	50
Summary Schedule of Prior Audit Findings	51
Schedule of Findings and Questioned Costs	52



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, 2013, 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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 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 Information

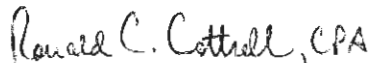
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise South Western Oklahoma Development Authority's basic financial statements. The accompanying supplementary information schedule of expenditures of federal awards, as required by U.S. Office 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.

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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

Ronald C. Cottrell, CPA

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2013, 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
Kansas, Oklahoma
December 9, 2013

South Western Oklahoma Development Authority
Management's Discussion and Analysis
June 30, 2013

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, 2013. Please read it in conjunction with SWODA's financial statements.

FINANCIAL HIGHLIGHTS

- ❖ The assets of South Western Oklahoma Development Authority exceeded its liabilities at the close of the year by \$ 2,864,096 (net position). Of this amount, \$ 1,779,281 (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 \$ 2,915,155. Approximately \$ 2,278,232 is available for spending at the government's discretion (assigned and unassigned fund balance).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-wide financial statements

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

The Statement of Net Position

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

See disclaimer in accompanying Independent Auditor's Report.

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, Area Agency on Aging, Rural Economic Action Plan, and various local community development contracts. Contracts with members and other governmental entities, as well as state and federal grants finance most of these activities.

Business-type activities—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 and regional tub grinding service are 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 and the tub grinder.

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

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, 2013, SWODA's net position decreased by \$ 90,591 (3%) to \$ 2,864,096. Business-Type activities net position decreased due to SWODA's termination of the tub grinder operations, sale of related capital assets, liquidation of proceeds to participating member governments, and transfer-out of remaining assets to governmental activities. Governmental activities net position increased mostly due to the transfer-in of assets from the tub grinder liquidation.

Current assets (see Table 1) contain \$ 1,305,537 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 \$ 1,305,537 are shown (Table 1) in current liabilities. SWODA has a note payable with USDA Rural Development with a balance of \$ 551,124, which is reflected in non-current liabilities. Listed in assets are Intermediary Re-lending Program loans receivable of \$ 1,102 (net of allowance for doubtful accounts of \$ (0), and cash of \$ 532,475, which serve as collateral for the note payable.

Table 1
South Western Oklahoma Development Authority's Net Assets
June 30, 2013 and 2012

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current assets	\$ 4,504,654	\$ 4,352,745	\$ 13,990	\$ 56,736	\$ 4,518,644	\$ 4,409,481
Capital and other	474,852	608,320	-	85,783	474,852	694,103
Total assets	<u>4,979,506</u>	<u>4,961,065</u>	<u>13,990</u>	<u>142,519</u>	<u>4,993,496</u>	<u>5,103,584</u>
Current liabilities	1,553,767	1,587,085	184	10,690	1,553,951	1,597,775
Long-term liabilities	574,883	551,122	566	-	575,449	551,122
Total liabilities	<u>2,128,650</u>	<u>2,138,207</u>	<u>750</u>	<u>10,690</u>	<u>2,129,400</u>	<u>2,148,897</u>
Net position:						
Net investment in						
capital assets	447,892	492,674	-	85,783	447,892	578,457
Restricted	636,923	662,385	-	-	636,923	662,385
Unrestricted	<u>1,766,041</u>	<u>1,667,799</u>	<u>13,240</u>	<u>46,046</u>	<u>1,779,281</u>	<u>1,713,845</u>
Total net position	<u>\$ 2,850,856</u>	<u>\$ 2,822,858</u>	<u>\$ 13,240</u>	<u>\$ 131,829</u>	<u>\$ 2,864,096</u>	<u>\$ 2,954,687</u>

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal restrictions total \$ 1,779,281. An additional portion of SWODA's net position \$ 636,923 (22%) represents resources that are subject to external restrictions on how they may be used. These restrictions apply to governmental activities such as the Revolving Loan program, Area Agency on Aging, and other grant based programs in which SWODA participates.

Governmental Activities

Total net position as of June 30, 2012 was \$ 2,822,858. For the year ended June 30, 2013, net position increased by \$ 27,998 to \$ 2,850,856. 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.

The main cause for the increase in total net position was the liquidation of the tub grinder and positive results of operations.

Table 2
South Western Oklahoma Development Authority's
Governmental Activities
June 30, 2013

	Governmental Activities				
	Employment and Training	Aging Services	Community Development	All Other Government	Total
Program revenues:					
Charges for services	\$ 128,831	\$ 578,417	\$ 193,259	\$ 229,366	\$ 1,129,873
Grants/contributions	804,526	1,000,506	1,245,560	195,648	3,246,240
Total revenues	933,357	1,578,923	1,438,819	425,014	4,376,113
Expenses:					
Direct program expenses	880,963	1,429,794	1,365,466	603,367	4,279,590
Indirect expense allocation	52,425	109,463	48,799	66,107	276,794
Total expenses	933,388	1,539,257	1,414,265	669,474	4,556,384
Changes in net assets:					
Net increase or (decrease)	\$ (31)	\$ 39,666	\$ 24,554	\$ (244,460)	\$ (180,271)

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

Community development activities increased net position as of June 30, 2013 by \$ 24,554. During the year several multi-year projects were completed to billing stages which resulted in increases in net position in the current period.

All other government activities decreased net assets by \$ 244,460. These activities are partially financed by 'Other' revenues and interest and investment revenues which are reported under the General Revenues section of the Statement of Activities totaling \$138,719. The remaining decrease to net position is due to a one-time expense of \$98,025 related to settlement of a legal dispute with the U.S. Air Force. The settlement was paid from fund balance reserves.

Business-type Activities

The *Statement of Revenues, Expenses, and Changes in Net Position—Proprietary Funds* shows an overall decrease of (\$ 118,589) for the period versus a decrease of (\$ 485,677) during the period ended June 30, 2012. These funds account for the operation of the housing construction projects and SWODA's regional tub grinding service. The net loss is due to liquidation of the tub grinder program as previously noted.

Fund Balance

The *Statement of Revenues, Expenses, and Changes in Fund Balance—Governmental Funds* shows SWODA's total governmental fund balance increased \$ 112,156 since last year primarily resulting from positive results of operations and liquidation of the tub grinder program, proceeds from which were transferred into the governmental funds.

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, 2013, SWODA had \$ 447,892 invested in capital assets, which is a net decrease from the previous year of \$ 131,332 due primarily to the sale of the tub grinder and related equipment. Capital assets include building improvements, computer equipment, software, and furniture. There were no major capital asset additions during the current year.

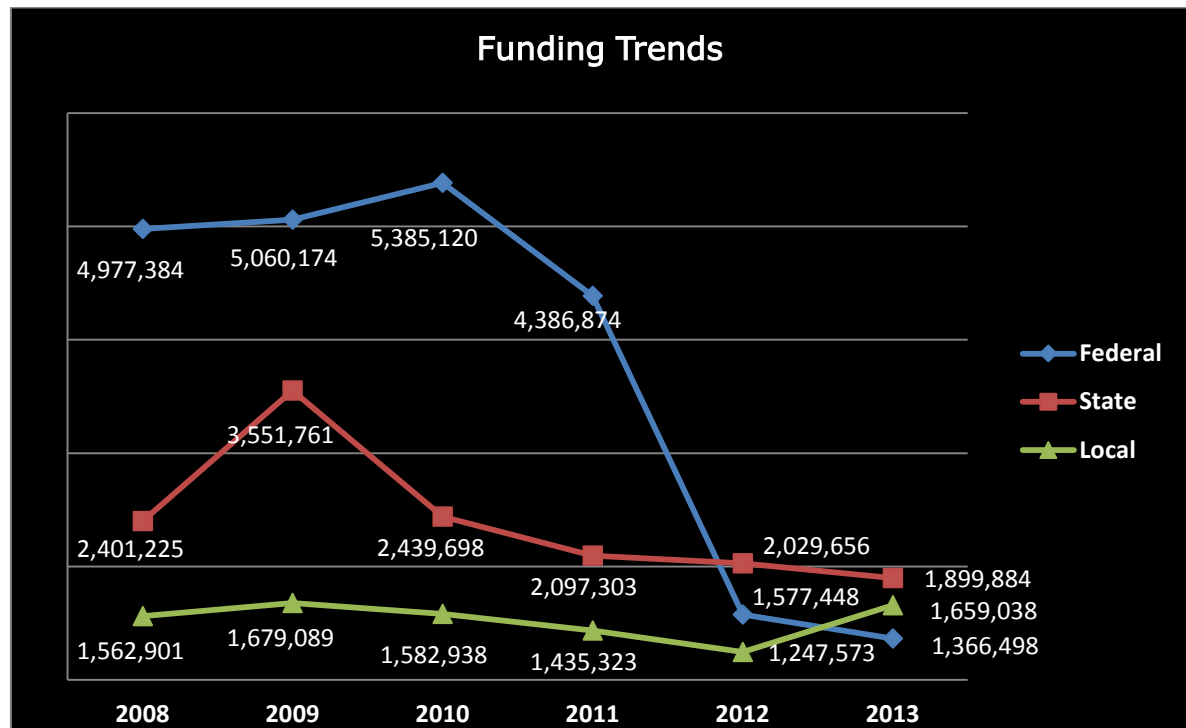
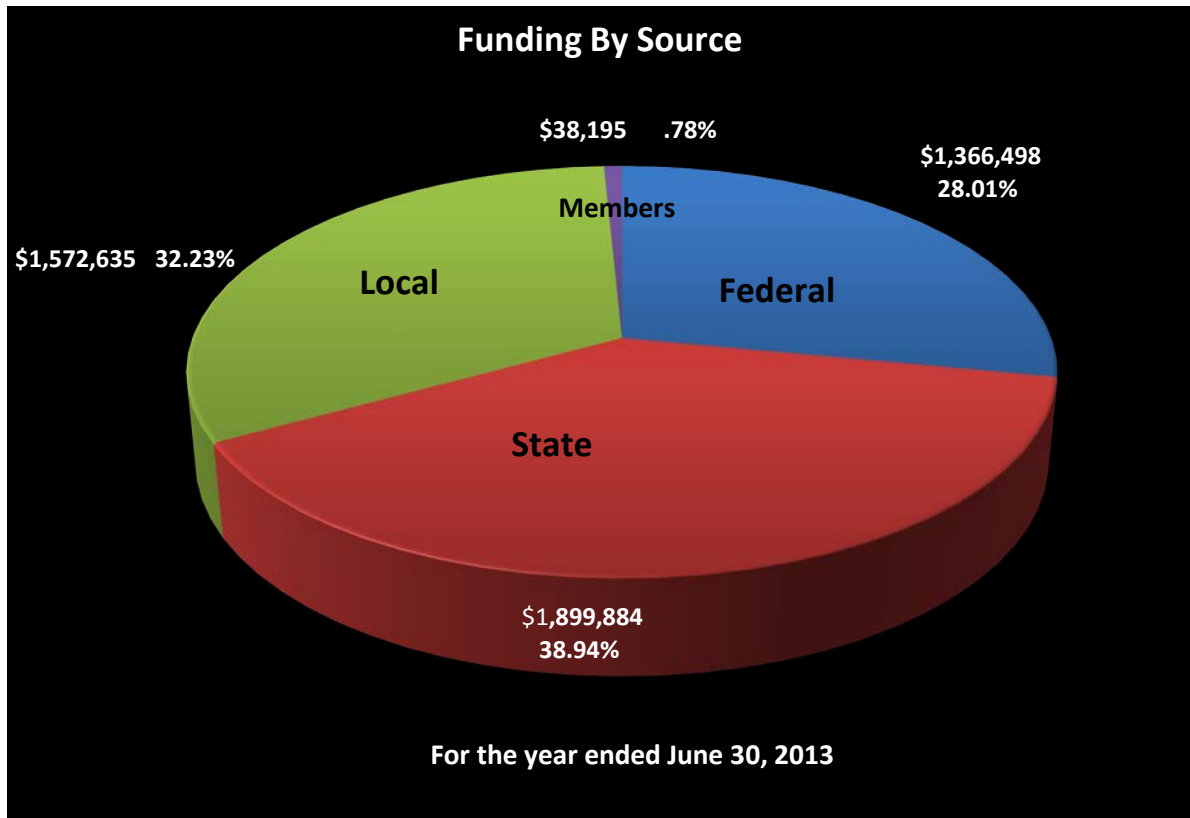
Debt administration

At June 30, 2013, SWODA had notes payable of \$ 551,124, which is a decrease of \$ 37,337 from the previous year. The note is payable to USDA Rural Development for the Intermediary Re-lending Program.

The USDA note is a 30-year loan with annual payments of \$ 42,450 including interest at 1%, which is scheduled to be paid in full by 2027.

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 \$1,779,281 and investing resources into strong local programs.



Contacting SWODA's Financial Management

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

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

MICHAEL RYBURN / Director of Business Development & Finance

South Western Oklahoma Development Authority
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 3,088,788	\$ (107,953)	\$ 2,980,835
Investments	758,801	-	758,801
Receivables:			
Accounts	5,843	-	5,843
Due from other governments	631,350	-	631,350
Notes, current portion	11,972	-	11,972
Inventories	7,900	-	7,900
Other assets held for sale	-	121,943	121,943
Total current assets	<u>4,504,654</u>	<u>13,990</u>	<u>4,518,644</u>
Noncurrent assets:			
Notes receivable (net of allowance for doubtful accounts)	26,960	-	26,960
Capital assets (net of accumulated depreciation)	<u>447,892</u>	<u>-</u>	<u>447,892</u>
Total noncurrent assets	<u>474,852</u>	<u>-</u>	<u>474,852</u>
Total assets	<u>4,979,506</u>	<u>13,990</u>	<u>4,993,496</u>
Liabilities			
Current Liabilities:			
Accounts payable and accrued liabilities	203,643	184	203,827
Deferred revenue	1,313,182	-	1,313,182
Current portion of long-term obligations	<u>36,942</u>	<u>-</u>	<u>36,942</u>
Total current liabilities	<u>1,553,767</u>	<u>184</u>	<u>1,553,951</u>
Noncurrent liabilities:			
Notes payable	551,124	-	551,124
Accrued compensated absences	60,701	566	61,267
Less: current portion	<u>(36,942)</u>	<u>-</u>	<u>(36,942)</u>
Total noncurrent liabilities	<u>574,883</u>	<u>566</u>	<u>575,449</u>
Total liabilities	<u>2,128,650</u>	<u>750</u>	<u>2,129,400</u>
Net position			
Net investment in capital assets	447,892	-	447,892
Restricted:			
Expendable	629,023	-	629,023
Nonexpendable	7,900	-	7,900
Unrestricted	<u>1,766,041</u>	<u>13,240</u>	<u>1,779,281</u>
Total net position	<u>\$ 2,850,856</u>	<u>\$ 13,240</u>	<u>\$ 2,864,096</u>

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

South Western Oklahoma Development Authority
Statement of Activities
Year Ended June 30, 2013

	Program Expenses		Program Revenues	
	Expenses	Indirect Expense Allocation	Charges for Services	Operating Grants and Contributions
Governmental activities:				
General government	\$ 205,498	\$ 2,425	\$ 9,909	\$ -
Employment & training	880,963	52,425	128,831	804,526
Aging services	1,429,794	109,463	578,417	1,000,506
Public safety	243,542	41,341	219,457	70,000
Economic development	128,850	17,016	-	100,732
Transportation	19,591	5,325	-	24,916
Community development	1,365,466	48,799	193,259	1,245,560
Interest	5,886	-	-	-
Total governmental activities	<u>4,279,590</u>	<u>276,794</u>	<u>1,129,873</u>	<u>3,246,240</u>
Business-type activities:				
Housing development	298,596	164	312,000	-
Community cleanup	112,659	-	-	-
Total business-type activities	<u>411,255</u>	<u>164</u>	<u>312,000</u>	<u>-</u>
Total government	<u>\$ 4,690,845</u>	<u>\$ 276,958</u>	<u>\$ 1,441,873</u>	<u>\$ 3,246,240</u>

General revenues:

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

Changes in net assets

Net position, beginning

Net position, ending

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

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (198,014)	\$ -	\$ (198,014)
(31)	-	(31)
39,666	-	39,666
4,574	-	4,574
(45,134)	-	(45,134)
-	-	-
24,554	-	24,554
(5,886)	-	(5,886)
<u>(180,271)</u>	<u>-</u>	<u>(180,271)</u>
-	13,240	13,240
-	(112,659)	(112,659)
<u>-</u>	<u>(99,419)</u>	<u>(99,419)</u>
<u>(180,271)</u>	<u>(99,419)</u>	<u>(279,690)</u>
105,851	-	105,851
32,868	-	32,868
-	50,380	50,380
69,550	(69,550)	-
<u>208,269</u>	<u>(19,170)</u>	<u>189,099</u>
27,998	(118,589)	(90,591)
<u>2,822,858</u>	<u>131,829</u>	<u>2,954,687</u>
<u>\$ 2,850,856</u>	<u>\$ 13,240</u>	<u>\$ 2,864,096</u>

South Western Oklahoma Development Authority
Fund Balance Sheet
Governmental Funds
June 30, 2013

	General Fund (Local Government)	Area Agency on Aging	Advantage Case Management
Assets			
Cash and cash equivalents	\$ 901,046	\$ (48,838)	\$ 296,346
Investments	740,108	-	18,693
Receivables:			
Accounts, net of allowance	5,843	-	-
Due from other governments	-	74,354	34,701
Inventories	7,900	-	-
Total assets	<u>\$ 1,654,897</u>	<u>\$ 25,516</u>	<u>\$ 349,740</u>
Liabilities and fund equity			
Liabilities:			
Accounts payable and accrued expenses	\$ 130,089	\$ 57,082	\$ 8,828
Deferred revenue	-	-	-
Accrued compensated absences	8,795	6,383	11,504
Total liabilities	<u>138,884</u>	<u>63,465</u>	<u>20,332</u>
Fund balance:			
Nonspendable:			
Inventory	7,900	-	-
Restricted for:			
Contractual	-	-	-
Committed to:	-	-	-
Assigned to:			
Aging services	-	-	329,408
Public safety	-	-	-
Community development	-	-	-
Unassigned	1,508,113	(37,949)	-
Total fund balance	<u>1,516,013</u>	<u>(37,949)</u>	<u>329,408</u>
Total liabilities and fund balance	<u>\$ 1,654,897</u>	<u>\$ 25,516</u>	<u>\$ 349,740</u>

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

Intermediary Loan Program	REAP	Employment & Training	Other Governmental Funds	Total Governmental Funds
\$ 532,475	\$ 1,169,824	\$ (151,810)	\$ 389,745	\$ 3,088,788
-	-	-	-	758,801
-	-	-	-	5,843
-	192,208	169,547	160,540	631,350
-	-	-	-	7,900
<u>\$ 532,475</u>	<u>\$ 1,362,032</u>	<u>\$ 17,737</u>	<u>\$ 550,285</u>	<u>\$ 4,492,682</u>
\$ -	\$ 13	\$ 4,164	\$ 3,468	\$ 203,644
-	1,305,537	-	7,645	1,313,182
-	114	13,573	20,332	60,701
<u>-</u>	<u>1,305,664</u>	<u>17,737</u>	<u>31,445</u>	<u>1,577,527</u>
-	-	-	-	7,900
532,475	56,368	-	40,180	629,023
-	-	-	-	-
-	-	-	-	329,408
-	-	-	374,304	374,304
-	-	-	262,612	262,612
-	-	-	(158,256)	1,311,908
<u>532,475</u>	<u>56,368</u>	<u>-</u>	<u>518,840</u>	<u>2,915,155</u>
<u>\$ 532,475</u>	<u>\$ 1,362,032</u>	<u>\$ 17,737</u>	<u>\$ 550,285</u>	<u>\$ 4,492,682</u>

South Western Oklahoma Development Authority
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2013

	General Fund (Local Government)	Area Agency on Aging	Advantage Case Management
Revenues			
Membership dues and assessments	\$ 38,195	\$ -	\$ -
Federal & state grants	-	793,091	-
Contract revenue	9,909	-	533,858
Interest	14,079	-	-
Other	15,078	-	-
Match revenue	-	13,603	-
Total revenues	<u>77,261</u>	<u>806,694</u>	<u>533,858</u>
Expenditures			
Current:			
General government	160,094	-	-
Employment and training	-	-	-
Aging services	-	806,694	488,456
Public safety	-	-	-
Economic development	-	-	-
Transportation	-	-	-
Community development	-	-	-
Debt service:			
Principal	768	-	-
Interest	5	-	-
Capital expenditures	3,973	-	4,726
Total expenditures	<u>164,840</u>	<u>806,694</u>	<u>493,182</u>
Excess of revenues over (under) expenditures	(87,579)	-	40,676
Other financing sources (uses)			
Principal received on notes receivable	-	-	-
Liquidation payments to EDA	-	-	-
Transfers in	84,467	-	-
Transfers out	-	-	-
Total other financing sources and uses	<u>84,467</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(3,112)	-	40,676
Fund balance, beginning	<u>1,519,125</u>	<u>(37,949)</u>	<u>288,732</u>
Fund balance, ending	<u>\$ 1,516,013</u>	<u>\$ (37,949)</u>	<u>\$ 329,408</u>

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

Intermediary Loan Program	REAP	Employment & Training	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 38,195
-	1,241,310	744,891	407,313	3,186,605
-	-	128,831	457,275	1,129,873
3,820	11,031	-	3,938	32,868
65	-	-	-	15,143
-	-	59,635	48,375	121,613
<u>3,885</u>	<u>1,252,341</u>	<u>933,357</u>	<u>916,901</u>	<u>4,524,297</u>
-	-	-	-	160,094
-	-	933,388	-	933,388
-	-	-	251,974	1,547,124
-	-	-	284,076	284,076
1,272	-	-	156,702	157,974
-	-	-	30,242	30,242
-	1,248,103	-	160,318	1,408,421
36,569	-	-	-	37,337
5,881	-	-	-	5,886
-	-	-	5,967	14,666
<u>43,722</u>	<u>1,248,103</u>	<u>933,388</u>	<u>889,279</u>	<u>4,579,208</u>
(39,837)	4,238	(31)	27,622	(54,911)
89,150	-	-	39,308	128,458
-	-	-	(30,941)	(30,941)
-	-	-	-	84,467
-	-	-	(14,917)	(14,917)
<u>89,150</u>	<u>-</u>	<u>-</u>	<u>(6,550)</u>	<u>167,067</u>
49,313	4,238	(31)	21,072	112,156
<u>483,162</u>	<u>52,130</u>	<u>31</u>	<u>497,768</u>	<u>2,802,999</u>
<u>\$ 532,475</u>	<u>\$ 56,368</u>	<u>\$ -</u>	<u>\$ 518,840</u>	<u>\$ 2,915,155</u>

South Western Oklahoma Development Authority
Reconciliation of Governmental Funds and Government-Wide
Financial Statements
Year Ended June 30, 2013

Total fund balance - governmental funds	\$ 2,915,155
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	38,932
Capital assets, net of accumulated depreciation	447,892
Long-term liabilities are not due and payable in the current period, and therefore, are not reported as liabilities in the funds. Long-term liabilities consist of:	
Accrued compensated absences	-
Notes payable	(551,124)
Net position of governmental activities	<u>\$ 2,850,855</u>
Net change in fund balances - total governmental funds	\$ 112,156
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 purchases/dipositions, net	6,799
Depreciation expense	(52,349)
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	(128,458)
Bad debt recoveries	52,513
Another element of that reconciliation states that borrowing (e.g. capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. The details of this difference are as follows:	
Debt principal payments	37,337
Change in net assets of governmental activities	<u>\$ 27,998</u>

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

Southwestern Oklahoma Development Authority
Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-Type Activities		
	Enterprise Funds		
	Housing Development	Regional Tub Grinder	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ (107,953)	\$ -	\$ (107,953)
Other assets held for sale	121,943	-	121,943
Total current assets	13,990	-	13,990
Noncurrent assets:			
Capital assets (net of accumulated depreciation)	-	-	-
Total noncurrent assets	-	-	-
Total assets	13,990	-	13,990
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	184	-	184
Total current liabilities	184	-	184
Noncurrent liabilities:			
Accrued compensated absences	566	-	566
Total noncurrent liabilities	566	-	566
Total liabilities	750	-	750
Net position			
Net investment in capital assets	-	-	-
Restricted	-	-	-
Unrestricted	13,240	-	13,240
Total net position	\$ 13,240	\$ -	\$ 13,240

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, 2013

	Business-Type Activities		
	Enterprise Funds		
	Housing Development	Regional Tub Grinder	Total
Operating revenues			
Sale of houses	\$ 302,000	\$ -	\$ 302,000
Other	10,000	-	10,000
Total operating revenues	<u>312,000</u>	<u>-</u>	<u>312,000</u>
Operating expenses			
Cost of houses	247,170	-	247,170
Housing development	51,590	-	51,590
Community cleanup	-	96,496	96,496
Depreciation	-	16,163	16,163
Total operating expenses	<u>298,760</u>	<u>112,659</u>	<u>411,419</u>
Operating income (loss)	13,240	(112,659)	(99,419)
Nonoperating revenues (expenses)			
Gain (loss) on disposition of assets	-	50,380	50,380
Total nonoperating revenues (expenses)	<u>-</u>	<u>50,380</u>	<u>50,380</u>
Operating transfers			
Transfers in	-	-	-
Transfers out	-	(69,550)	(69,550)
Total operating transfers	<u>-</u>	<u>(69,550)</u>	<u>(69,550)</u>
Changes in net position	13,240	(131,829)	(118,589)
Net position, beginning	-	131,829	131,829
Net position, ending	<u>\$ 13,240</u>	<u>\$ -</u>	<u>\$ 13,240</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, 2013

	Business-Type Activities Enterprise Funds		
	Housing Development	Regional Tub Grinder	Total
Cash flows from operating activities			
Net operating income (loss)	\$ 13,240	\$ (112,659)	\$ (99,419)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	-	16,163	16,163
Increase (decrease) in:			
Payables	184	(10,690)	(10,506)
Compensated absences	566	-	566
Net cash provided (used) by operating activities	<u>13,990</u>	<u>(107,186)</u>	<u>(93,196)</u>
Cash flows from noncapital financing activities			
Net operating transfers	-	(69,550)	(69,550)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>(69,550)</u>	<u>(69,550)</u>
Cash flows from capital and related financing activities			
Construction of other assets held for sale	(121,943)	-	(121,943)
Proceeds from sale of capital assets	-	120,000	120,000
Net cash provided (used) by capital and related financing activities	<u>(121,943)</u>	<u>120,000</u>	<u>(1,943)</u>
Cash flows from investing activities			
Net cash provided (used) by investing activities	-	-	-
Net increase (decrease) in cash and cash equivalents	(107,953)	(56,736)	(164,689)
Cash and cash equivalents, beginning	-	56,736	56,736
Cash and cash equivalents, ending	<u>\$ (107,953)</u>	<u>\$ -</u>	<u>\$ (107,953)</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, 2013

	<u>Agency Oklahoma Association of Regional Councils</u>
Assets	
Cash and cash equivalents	\$ (17,211)
Receivables:	
Accounts	<u>19,929</u>
Total assets	<u>2,718</u>
Liabilities	
Accrued compensated absences	<u>2,718</u>
Total liabilities	<u>2,718</u>
Net position	<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, 2013

I. Organization

South Western Oklahoma Development Authority (SWODA) was created as a public trust under an indenture dated December 10, 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.

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

Separate financial statements are provided for governmental funds and proprietary funds. 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.

The Authority reports the following major governmental funds:

The general fund 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.

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

The Intermediary Relending Program fund reports the activities of loans the Organization has made to small business for economic development purposes.

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. Activities for the senior community service employment program which provides services to adults 55 and over are also reported here.

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

The Authority reports the following major proprietary funds:

- Housing development fund accounts for the construction of housing for sale in member communities.
- Regional tub grinder fund accounts for the operation of a tub grinder. The equipment was sold during the current year.

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 Oklahoma Association of Regional Councils 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. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

State statutes authorize 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, 2013.

All receivables are shown net of an allowance for uncollectibles. Accounts receivable in excess of 90 days comprise 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 applicable governmental or business-type activities columns 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 assets

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

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

- c. *Committed* – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the 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. *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 “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 Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*. The Authority’s employee benefits are allocated to grant and other projects as a percentage of direct labor costs. Indirect costs necessary to sustain overall operations are allocated as a percentage of total direct labor costs charged to grants and other projects.

III.Reconciliation of government-wide and fund financial statements

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

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the

government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.”

The details of this difference are as follows:

Notes payable	\$ 551,124
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 551,124</u>

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

Capital assets, net of related accumulated depreciation	\$ 447,892
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 447,892</u>

A final difference between the governmental fund balance sheet and the government-wide statement of net position is the assets used in governmental activities which are not financial resources and, therefore, are not reported as assets in the governmental funds. The details of this difference are as follows:

Notes receivable	\$ 38,932
Net adjustment to increase fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 38,932</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures, and proceeds from disposition of assets as other financing sources. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense and gain (loss) on the disposition of such assets.” The details of these differences are as follows:

Capital asset acquisitions	\$ 6,799
Depreciation expense	<u>(52,349)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (45,550)</u>

Another element of that reconciliation states that borrowing (e.g., capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Neither transaction, however, has any effect on net position. The details of this difference are as follows:

Debt principal payments	\$ 37,337
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 37,337</u>

Transactions for the revolving loan funds do not have an effect on the statement of activities, while new loans made are reflected as expenditures and payments received on loans are recorded as revenues in the governmental fund financial statements. The details of this difference are as follows:

Principal received on notes receivable	\$ 128,458
Bad debt recoveries	<u>(52,513)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 75,945</u>

IV. Stewardship, compliance, and accountability

Budgetary information

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

V. Detailed notes on all funds

A. Deposits and investments

Deposits

SWODA's carrying amount of deposits was \$ 2,963,537 as of June 30, 2013, and the bank balances totaled \$3,127,331. 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, 2013, all of SWODA's bank balance was FDIC insured or collateralized.

Investments

As of June 30, 2013, SWODA had the following investments.

Investment	Maturities	Fair Value
Certificates of deposit	< 1 year	\$ 758,801
Total		<u>\$ 758,801</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, 2013, 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, 2013, 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	\$ 5,843	\$ -	\$ -	\$ 5,843
Area Agency on Aging	-	74,354	-	74,354
Employment and training	-	169,547	-	169,547
REAP	-	192,208	-	192,208
Advantage case management	-	34,701	-	34,701
Non major governmental	-	160,540	-	160,540
Total	<u>\$ 5,843</u>	<u>\$ 631,350</u>	<u>\$ -</u>	<u>\$ 637,193</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, 2013:

	Intermediary Loan Program	EDA Revolving Loan Fund	Total
Notes receivables	\$ 1,102	\$ 75,330	\$ 76,432
Less: allowance for uncollectibles	-	(37,500)	(37,500)
Net total receivables	<u>\$ 1,102</u>	<u>\$ 37,830</u>	<u>\$ 38,932</u>

C. Capital assets

Capital asset balances and activities for the year ended June 30, 2013, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, being depreciated:				
Buildings, land & improvements	\$ 1,229,292	\$ -	\$ -	\$ 1,229,292
Equipment and furniture	106,238	2,350	-	108,588
Computer equipment and software	152,739	4,449	-	157,188
Total capital assets, being depreciated	<u>1,488,269</u>	<u>6,799</u>	<u>-</u>	<u>1,495,068</u>
Less accumulated depreciation for:				
Buildings, land & improvements	(777,760)	(37,877)	-	(815,637)
Equipment and furniture	(86,001)	(4,689)	-	(90,690)
Computer equipment and software	(131,066)	(9,783)	-	(140,849)
Total accumulated depreciation	<u>(994,827)</u>	<u>(52,349)</u>	<u>-</u>	<u>(1,047,176)</u>
Governmental activities capital assets, net	<u>\$ 493,442</u>	<u>\$ (45,550)</u>	<u>\$ -</u>	<u>\$ 447,892</u>
Business-type activities:				
Capital assets, being depreciated:				
Vehicles and maintenance equipment	\$ 224,075	\$ -	\$ (224,075)	\$ -
Total capital assets, being depreciated	<u>224,075</u>	<u>-</u>	<u>(224,075)</u>	<u>-</u>
Less accumulated depreciation for:				
Vehicles and maintenance equipment	(138,293)	(16,163)	154,456	-
Total accumulated depreciation	<u>(138,293)</u>	<u>(16,163)</u>	<u>154,456</u>	<u>-</u>
Business-type activities capital assets, net	<u>\$ 85,782</u>	<u>\$ (16,163)</u>	<u>\$ (69,619)</u>	<u>\$ -</u>

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

Governmental activities:	
General government	\$ 46,206
Workforce investment	-
Economic development	-
Aging services	1,010
Community development	5,133
Total depreciation expense – governmental activities	<u>\$ 52,349</u>
Business-type activities:	
Community development	\$ 16,163
Total depreciation expense – business-type activities	<u>\$ 16,163</u>

D. Deferred revenue

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

Deferred revenue for the year ended June 30, 2013 totaled \$ 1,313,182, and included the following:

Deferred Revenue <u>June 30, 2013</u>	
REAP funds:	
2010 REAP funds	\$ 12,592
2011 REAP funds	88,556
2012 REAP funds	388,400
2013 REAP funds	<u>815,989</u>
Total REAP funds	<u>1,305,537</u>
Other funds:	
2013 Masonic Foundation grant	6,793
EDA 203 district planning	<u>852</u>
Total deferred revenue	<u>\$ 1,313,182</u>

E. Long-term debt

Notes Payable

Long-term liabilities of the South Western Oklahoma Development Authority as of June 30, 2013, are summarized as follows:

Governmental activities

Notes payable

United States of America through the Rural Business – Cooperative service, an agency of the United States Department of Agriculture, dated May 13, 1997, in the amount of \$ 1,000,000, interest only for the first three years and thereafter annual payments of \$ 42,450 with an interest rate of 1.00%; proceeds to be used for the implementation of the Intermediary Re-lending Program.

	\$ 551,124
Total governmental activities	<u>\$ 551,124</u>

Long-term liabilities transactions for the year ended June 30, 2013, and changes therein were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities					
Notes payable - IRP	\$ 587,693	\$ -	\$ (36,569)	\$ 551,124	\$ 36,942
Capital lease obligations	768	-	(768)	-	-
Total governmental activities	<u>\$ 588,461</u>	<u>\$ -</u>	<u>\$ (37,337)</u>	<u>\$ 551,124</u>	<u>\$ 36,942</u>

Annual debt service requirements to maturity for long-term liabilities are as follows:

Notes payable:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2014	\$ 36,942	\$ 5,508
2015	37,311	5,139
2016	37,684	4,766
2017	38,061	4,389
2018	38,442	4,008
2019–2023	198,051	14,199
2024–2028	164,633	4,110
Total	<u>\$ 551,124</u>	<u>\$ 42,119</u>

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:	\$ 60,701
Business-type activities:	<u>566</u>
Total compensated absences	<u>\$ 61,267</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.

VI. 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.

During the year ended June 30, 2013, SWODA entered into a settlement agreement with the U.S. Air Force concerning its past contract for maintenance and fire rescue services. As part of the settlement agreement, SWODA will pay to the U.S. Air Force \$ 98,025. This was paid subsequent to June 30, 2013, and is included as accounts payable in the local operating fund in the accompanying financial statements.

D. Employee retirement system and pension plan

Oklahoma Public Employees Retirement System (OPERS)

Plan Description – The Authority participates in OPERS, a state-wide cost sharing multiple-employer pension system which covers eligible employees of participating organizations that are not covered by other plans. All regular, permanent employees who work 1,000 or more hours in a year are eligible for participation in OPERS. Benefits vest after 8 years of service. Employees who retire at age 62 or after completion of six years of service, if later, are entitled to an annual retirement benefit, payable monthly, equal to 2.0% of final average compensation multiplied by the number of years of credited services. Final average compensation is defined as the average of the three highest years' annual salary out of the last ten calendar years of service.

An employee is eligible for an early retirement benefit once he has attained age 55 and has completed ten years of service. The amount of benefit is determined based on the final average salary and credited service as of the date of termination. If benefit payments are to begin before age 65, the benefit is actuarially reduced. A late retirement benefit is computed in the same manner as a normal retirement based on average salary and credited service as of the termination of employment. A participant who becomes totally and permanently disabled after completion of eight years of service, is entitled to a disability benefit computed as an early retirement benefit based on average salary and service as of the date of disability but without actuarial reduction for payments beginning prior to normal retirement age if the employee is also eligible for a disability benefit from Social Security.

Funding Policy – For the year ended June 30, 2013, employees contributed 5.0% on all compensation, while The Authority's contribution was 15.0% of total compensation. For the year ended June 30, 2013, SWODA's payroll for employees covered by OPERS was \$ 1,185,730. Employer and employee contributions for the year ended June 30, 2013, were \$ 177,860 and \$ 61,106 respectively.

OPERS does not make separate measurements of assets and pension benefit obligation for individual employers. The actuarial accrued liability at July 1, 2012 as a whole, determined through actuarial valuations performed as of July 1, 2012 using the entry age normal cost method was \$ 8,179,767,661 for the OPERS. The systems' net assets available for benefits on that date (valued at market) were \$ 6,598,627,939 resulting in underfunded pension obligation of \$ 1,581,139,722.

E. Subsequent events

Management has evaluated subsequent events through December 9, 2013, the date which the financial statements were available to be issued.

South Western Oklahoma Development Authority
Combining Balance Sheet
REAP
June 30, 2013

	2013 REAP	2012 REAP	2011 REAP	2010 REAP
Assets				
Cash and cash equivalents	\$ 624,746	\$ 398,704	\$ 102,658	\$ 35,870
Receivables:				
Due from other governments	192,208	-	-	-
Total assets	<u>\$ 816,954</u>	<u>\$ 398,704</u>	<u>\$ 102,658</u>	<u>\$ 35,870</u>
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 13
Deferred revenue	815,989	388,400	88,556	12,592
Accrued compensated absences	-	-	-	114
Total liabilities	<u>815,989</u>	<u>388,400</u>	<u>88,556</u>	<u>12,719</u>
Fund balances				
Nonspendable:				
Restricted for:				
Contractual	965	10,304	14,102	23,151
Committed to:	-	-	-	-
Assigned to:				
Unassigned	-	-	-	-
Total fund balances	<u>965</u>	<u>10,304</u>	<u>14,102</u>	<u>23,151</u>
Total liabilities and fund balances	<u>\$ 816,954</u>	<u>\$ 398,704</u>	<u>\$ 102,658</u>	<u>\$ 35,870</u>

<u>2009 REAP</u>	<u>2008 REAP</u>	<u>2007 REAP</u>	<u>Total</u>
\$ 7,846	\$ -	\$ -	\$ 1,169,824
-	-	-	192,208
<u>\$ 7,846</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,362,032</u>
\$ -	\$ -	\$ -	\$ 13
-	-	-	1,305,537
<u>-</u>	<u>-</u>	<u>-</u>	<u>114</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,305,664</u>
7,846	-	-	56,368
-	-	-	-
-	-	-	-
<u>7,846</u>	<u>-</u>	<u>-</u>	<u>56,368</u>
<u>\$ 7,846</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,362,032</u>

South Western Oklahoma Development Authority
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
REAP
Year Ended June 30, 2013

	2013 REAP	2012 REAP	2011 REAP	2010 REAP
Revenues				
Federal & state grants	\$ 337,258	\$ 547,457	\$ 208,275	\$ 75,629
Interest	965	7,317	1,727	752
Total revenues	<u>338,223</u>	<u>554,774</u>	<u>210,002</u>	<u>76,381</u>
Expenditures				
Current:				
Community development	337,258	547,457	208,275	75,629
Total expenditures	<u>337,258</u>	<u>547,457</u>	<u>208,275</u>	<u>75,629</u>
Excess of revenues over (under) expenditures	965	7,317	1,727	752
Other financing sources (uses)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	965	7,317	1,727	752
Fund balances, beginning	<u>-</u>	<u>2,987</u>	<u>12,375</u>	<u>22,399</u>
Fund balances, ending	<u><u>\$ 965</u></u>	<u><u>\$ 10,304</u></u>	<u><u>\$ 14,102</u></u>	<u><u>\$ 23,151</u></u>

2009 REAP	2008 REAP	2007 REAP	Total
\$ 72,691	\$ -	\$ -	\$ 1,241,310
264	6	-	11,031
<u>72,955</u>	<u>6</u>	<u>-</u>	<u>1,252,341</u>
<u>73,591</u>	<u>4,817</u>	<u>1,076</u>	<u>1,248,103</u>
<u>73,591</u>	<u>4,817</u>	<u>1,076</u>	<u>1,248,103</u>
(636)	(4,811)	(1,076)	4,238
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(636)	(4,811)	(1,076)	4,238
<u>8,482</u>	<u>4,811</u>	<u>1,076</u>	<u>52,130</u>
<u>\$ 7,846</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,368</u>

South Western Oklahoma Development Authority
Combining Balance Sheet
Employment & Training
June 30, 2013

	E & T Administrative Cost Pool	WIA 14939 Adult	WIA 15498 WAS FY 11	WIA 15120 SW PY 12 WAS
Assets				
Cash and cash equivalents	\$ 104	\$ -	\$ (2,350)	\$ -
Receivables:				
Due from other governments	-	-	2,350	-
Total assets	<u>\$ 104</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 104	\$ -	\$ -	\$ -
Accrued compensated absences	-	-	-	-
Total liabilities	<u>104</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
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>\$ 104</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WIA 15363 SW WAS FY 13	WIA 14645 Youth	WIA 15059 Youth	WIA 15489 WYS 10	WIA 15034 SW PY11 WYS 5%	WIA 14853 DLW	WIA 14928 DLW
\$ (3,708)	\$ (679)	\$ (29,390)	\$ (1,556)	\$ (2,542)	\$ -	\$ -
7,234	679	33,988	1,556	2,542	-	-
<u>\$ 3,526</u>	<u>\$ -</u>	<u>\$ 4,598</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 300	\$ -	\$ 353	\$ -	\$ -	\$ -	\$ -
3,226	-	4,245	-	-	-	-
<u>3,526</u>	<u>-</u>	<u>4,598</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 3,526</u>	<u>\$ -</u>	<u>\$ 4,598</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

South Western Oklahoma Development Authority
Combining Balance Sheet
Employment & Training
June 30, 2013

	WIA 15509 DLW	WIA 15156 DLW	WIA 15353 DLW	WIA 15518 WDW FY 11
Assets				
Cash and cash equivalents	\$ (7,032)	\$ -	\$ (33,887)	\$ (9,895)
Receivables:				
Due from other governments	7,032	-	37,875	9,895
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,988</u>	<u>\$ -</u>
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 300	\$ -
Accrued compensated absences	-	-	3,688	-
Total liabilities	<u>-</u>	<u>-</u>	<u>3,988</u>	<u>-</u>
Fund balances				
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>\$ -</u>	<u>\$ -</u>	<u>\$ 3,988</u>	<u>\$ -</u>

SCOWIB Employer of Record	WIA 15404 BRAC	Trade Adjustment Assistance	95842 SCSEP	95841 SCSEP	Total
\$ (38,736)	\$ (13,167)	\$ -	\$ (8,972)	\$ -	\$ (151,810)
41,150	13,167	-	12,079	-	169,547
<u>\$ 2,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,107</u>	<u>\$ -</u>	<u>\$ 17,737</u>
\$ -	\$ -	\$ -	\$ 3,107	\$ -	\$ 4,164
2,414	-	-	-	-	13,573
<u>2,414</u>	<u>-</u>	<u>-</u>	<u>3,107</u>	<u>-</u>	<u>17,737</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,107</u>	<u>\$ -</u>	<u>\$ 17,737</u>

South Western Oklahoma Development Authority
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Employment & Training
Year Ended June 30, 2013

	E & T Administrative Cost Pool	WIA 14939 Adult	WIA 15498 WAS FY 11	WIA 15120 SW PY 12 WAS
Revenues				
Federal & state grants	\$ -	\$ 24,382	\$ 2,350	\$ 9,629
Contract revenue	-	-	-	-
Match revenue	-	-	-	-
Total revenues	<u>-</u>	<u>24,382</u>	<u>2,350</u>	<u>9,629</u>
Expenditures				
Current:				
Employment and training	-	24,382	2,350	9,629
Total expenditures	<u>-</u>	<u>24,382</u>	<u>2,350</u>	<u>9,629</u>
Excess of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
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>

South Western Oklahoma Development Authority
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Employment & Training
Year Ended June 30, 2013

	WIA 15509 DLW	WIA 15156 DLW	WIA 15353 DLW	WIA 15518 WDW FY 11
Revenues				
Federal & state grants	\$ 7,032	\$ 30,079	\$ 71,002	\$ 9,895
Contract revenue	-	-	-	-
Match revenue	-	-	2,903	-
Total revenues	<u>7,032</u>	<u>30,079</u>	<u>73,905</u>	<u>9,895</u>
Expenditures				
Current:				
Employment and training	<u>7,032</u>	<u>30,079</u>	<u>73,905</u>	<u>9,895</u>
Total expenditures	<u>7,032</u>	<u>30,079</u>	<u>73,905</u>	<u>9,895</u>
Excess of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
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>

SCOWIB Employer of Record	WIA 15404 BRAC	Trade Adjustment Assistance	95842 SCSEP	95841 SCSEP	Total
\$ -	\$ 16,850	\$ 20,179	\$ 171,056	\$ 7,330	\$ 744,891
128,831	-	-	-	-	128,831
-	-	-	56,732	-	59,635
<u>128,831</u>	<u>16,850</u>	<u>20,179</u>	<u>227,788</u>	<u>7,330</u>	<u>933,357</u>
128,831	16,850	20,210	227,788	7,330	933,388
<u>128,831</u>	<u>16,850</u>	<u>20,210</u>	<u>227,788</u>	<u>7,330</u>	<u>933,388</u>
-	-	(31)	-	-	(31)
-	-	-	-	-	-
-	-	(31)	-	-	(31)
-	-	31	-	-	31
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

South Western Oklahoma Development Authority
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue			
	State Appropriations 2013	Enhanced 911	2013 Rural Fire Defense	Community Improvement Projects
Assets				
Cash and cash equivalents	\$ (3,030)	\$ 378,192	\$ (44,612)	\$ (86,292)
Receivables:				
Due from other governments	3,030	-	11,875	30
Total assets	<u>\$ -</u>	<u>\$ 378,192</u>	<u>\$ (32,737)</u>	<u>\$ (86,262)</u>
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 397	\$ 429	\$ 933
Deferred revenue	-	-	-	-
Accrued compensated absences	-	3,491	4,237	1,773
Total liabilities	<u>-</u>	<u>3,888</u>	<u>4,666</u>	<u>2,706</u>
Fund balances				
Nonspendable:				
Restricted for:				
Contractual	-	-	-	-
Committed to:	-	-	-	-
Assigned to:				
Public safety	-	374,304	-	-
Community development	-	-	-	-
Unassigned	-	-	(37,403)	(88,968)
Total fund balances	<u>-</u>	<u>374,304</u>	<u>(37,403)</u>	<u>(88,968)</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 378,192</u>	<u>\$ (32,737)</u>	<u>\$ (86,262)</u>

Special Revenue						
2013 SHIP	2012 MIPPA	Developmental Planning Administration	EDA 203 District Planning	EDA Revolving Loan Fund	2013 CENA	Hazard Mitigation
\$ -	\$ -	\$ 23,295	\$ 7,040	\$ 13,192	\$ (42,869)	\$ (91,438)
-	-	3,750	-	-	44,061	60,167
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,045</u>	<u>\$ 7,040</u>	<u>\$ 13,192</u>	<u>\$ 1,192</u>	<u>\$ (31,271)</u>
\$ -	\$ -	\$ 57	\$ 89	\$ -	\$ 1,192	\$ 14
-	-	-	852	-	-	-
-	-	-	6,099	-	-	600
<u>-</u>	<u>-</u>	<u>57</u>	<u>7,040</u>	<u>-</u>	<u>1,192</u>	<u>614</u>
-	-	26,988	-	13,192	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(31,885)
-	-	26,988	-	13,192	-	(31,885)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,045</u>	<u>\$ 7,040</u>	<u>\$ 13,192</u>	<u>\$ 1,192</u>	<u>\$ (31,271)</u>

South Western Oklahoma Development Authority
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013
(continued)

	Special Revenue			
	Community Development Admin	Airforce Contract	2012 Masonic Fund Grant	2013 Masonic Fund Grant
Assets				
Cash and cash equivalents	\$ 254,443	\$ -	\$ -	\$ 6,793
Receivables:				
Due from other governments	11,913	-	-	-
Total assets	<u>\$ 266,356</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,793</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 239	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	6,793
Accrued compensated absences	3,505	-	-	-
Total liabilities	<u>3,744</u>	<u>-</u>	<u>-</u>	<u>6,793</u>
Fund balances				
Nonspendable:				
Restricted for:				
Contractual	-	-	-	-
Committed to:	-	-	-	-
Assigned to:				
Public safety	-	-	-	-
Community development	262,612	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>262,612</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 266,356</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,793</u>

Special Revenue				
ADRC Living Choice Grant	Oklahoma Commission on Children & Youth	Rural Transportation Planning	EDA Entrepreneur Development	Total
\$ -	\$ (375)	\$ (24,171)	\$ (423)	\$ 389,745
-	375	24,916	423	160,540
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 745</u>	<u>\$ -</u>	<u>\$ 550,285</u>
\$ -	\$ -	\$ 118	\$ -	\$ 3,468
-	-	-	-	7,645
-	-	627	-	20,332
<u>-</u>	<u>-</u>	<u>745</u>	<u>-</u>	<u>31,445</u>
-	-	-	-	40,180
-	-	-	-	-
-	-	-	-	374,304
-	-	-	-	262,612
-	-	-	-	(158,256)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>518,840</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 745</u>	<u>\$ -</u>	<u>\$ 550,285</u>

South Western Oklahoma Development Authority
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2013

	Special Revenue			
	State Appropriations 2013	Enhanced 911	2013 Rural Fire Defense	Community Improvement Projects
Revenues				
Federal & state grants	\$ 36,364	\$ -	\$ 70,000	\$ -
Contract revenue	-	219,457	-	68,593
Interest	-	-	-	-
Match revenue	-	-	-	-
Total revenues	<u>36,364</u>	<u>219,457</u>	<u>70,000</u>	<u>68,593</u>
Expenditures				
Current:				
Aging services	-	-	-	-
Public safety	-	199,256	84,820	-
Economic development	36,364	-	-	-
Transportation planning	-	-	-	-
Community development	-	-	-	66,212
Capital expenditures	-	5,256	-	711
Total expenditures	<u>36,364</u>	<u>204,512</u>	<u>84,820</u>	<u>66,923</u>
Excess of revenues over (under) expenditures	-	14,945	(14,820)	1,670
Other financing sources (uses)				
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>
Net change in fund balances	-	14,945	(14,820)	1,670
Fund balances, beginning	<u>-</u>	<u>359,359</u>	<u>(22,583)</u>	<u>(90,638)</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ 374,304</u>	<u>\$ (37,403)</u>	<u>\$ (88,968)</u>

Special Revenue						
2013 SHIP	2012 MIPPA	Developmental Planning Administration	EDA 203 District Planning	EDA Revolving Loan Fund	2013 CENA	Hazard Mitigation
\$ 11,357	\$ 6,106	\$ -	\$ 63,945	\$ -	\$ 189,593	\$ -
-	-	16,568	-	-	-	71,774
-	-	-	-	3,938	-	-
-	-	-	42,626	-	-	-
<u>11,357</u>	<u>6,106</u>	<u>16,568</u>	<u>106,571</u>	<u>3,938</u>	<u>189,593</u>	<u>71,774</u>
11,357	6,106	-	-	-	189,593	-
-	-	-	-	-	-	-
-	-	11,074	106,571	1,847	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	58,363
-	-	-	-	-	-	-
<u>11,357</u>	<u>6,106</u>	<u>11,074</u>	<u>106,571</u>	<u>1,847</u>	<u>189,593</u>	<u>58,363</u>
-	-	5,494	-	2,091	-	13,411
-	-	-	-	39,308	-	-
-	-	-	-	(30,941)	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,367</u>	<u>-</u>	<u>-</u>
-	-	5,494	-	10,458	-	13,411
-	-	21,494	-	2,734	-	(45,296)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,988</u>	<u>\$ -</u>	<u>\$ 13,192</u>	<u>\$ -</u>	<u>\$ (31,885)</u>

South Western Oklahoma Development Authority
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2013

(continued)

	Special Revenue		
	Community Development Admin	Airforce Contract	2012 Masonic Fund Grant
			2013 Masonic Fund Grant
Revenues			
Federal & state grants	\$ -	\$ -	\$ -
Contract revenue	36,324	-	7,790
Interest	-	-	-
Match revenue	-	-	-
Total revenues	<u>36,324</u>	<u>-</u>	<u>7,790</u>
Expenditures			
Current:			
Aging services	-	-	7,790
Public safety	-	-	-
Economic development	-	-	-
Transportation planning	-	-	-
Community development	31,493	-	-
Capital expenditures	-	-	-
Total expenditures	<u>31,493</u>	<u>-</u>	<u>7,790</u>
Excess of revenues over (under) expenditures	4,831	-	-
Other financing sources (uses)			
Principal received on notes receivable	-	-	-
Liquidation payments to EDA	-	-	-
Transfers in	-	-	-
Transfers out	-	(14,917)	-
Total other financing sources (uses)	<u>-</u>	<u>(14,917)</u>	<u>-</u>
Net change in fund balances	4,831	(14,917)	-
Fund balances, beginning	<u>257,781</u>	<u>14,917</u>	<u>-</u>
Fund balances, ending	<u>\$ 262,612</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue				
ADRC Living Choice Grant	Oklahoma Commission on Children & Youth	Rural Transportation Planning	EDA Entrepreneur Development	Total
\$ 359	\$ 4,250	\$ 24,916	\$ 423	\$ 407,313
-	-	-	-	457,275
-	-	-	-	3,938
-	-	5,326	423	48,375
359	4,250	30,242	846	916,901
359	-	-	-	251,974
-	-	-	-	284,076
-	-	-	846	156,702
-	-	30,242	-	30,242
-	4,250	-	-	160,318
-	-	-	-	5,967
359	4,250	30,242	846	889,279
-	-	-	-	27,622
-	-	-	-	39,308
-	-	-	-	(30,941)
-	-	-	-	-
-	-	-	-	(14,917)
-	-	-	-	(6,550)
-	-	-	-	21,072
-	-	-	-	497,768
\$ -	\$ -	\$ -	\$ -	\$ 518,840

South Western Oklahoma Development Authority
Schedule of Indirect Costs
For the Year Ended June 30, 2013

	Indirect Costs	Building 420 Costs
Indirect salaries	\$ 114,264	\$ -
Employee benefits	37,455	-
Indirect personnel costs	151,719	-
Travel	10,225	-
Office & copying expense	14,261	-
Telephone & internet	10,759	-
Consultant & professional	23,094	-
Dues, books & subscriptions	8,610	-
Printing & publications	1,054	-
Equipment rental	4,468	-
Other	146	-
Registration, fees & permits	349	-
Insurance	14,142	-
Repairs & maintenance	7,431	16,394
Depreciation	10,733	3,959
Building expenses allocated	19,957	-
Supplies	10	-
Utilities	-	11,405
Indirect costs	<u>\$ 276,958</u>	<u>\$ 31,758</u>



Ronald C. Cottrell, CPA

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

Board of Trustees
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, 2013, 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 December 9, 2013. We did not audit management's discussion and analysis, which is required supplementary information, and therefore, expressed no opinion on it. Budgetary comparison information, which is required supplementary information, has not been presented for the general fund and other major special revenue funds.

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.

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.

Ronald C. Cottrell, CPA

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 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
Kansas, Oklahoma
December 9, 2013



Ronald C. Cottrell, CPA

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

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, 2013. 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 requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the 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.

Purpose of this Report

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

Ronald C. Cottrell, CPA

Ronald C. Cottrell, CPA
Kansas, Oklahoma
December 9, 2013

South Western Oklahoma Development Authority
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
FEDERAL PROGRAMS			
<u>U. S. Department of Labor</u>			
Pass-Through Program From:			
Oklahoma Department of Commerce -			
<i>Workforce Investment Act (WIA) Cluster</i>			
WIA Title I Adult	17.258	15498 WASFY 11	\$ 2,350
		14939 WASFY 12	24,382
		15120 SW PY 12 WAS	9,629
		15363 SW 13 WASFY	82,470
WIA Title I Youth	17.259	15489 WYS 10	1,556
		14645-SW-PY 11-WYS	36,380
		15059-SW-PY-12-WYS	129,789
		15034-SW-PY 11-WYS-5%	3,815
WIA Title I Dislocated Worker	17.278	14853-SW-PY-11-WDW	3,127
		15518 WDWFY 11	9,895
		15509 DLW 10	7,032
		14928 WDWFY 12	117,970
		15156 SW PY 12 WDW	30,079
		15353 DLW SW FY 13 WDWFY	71,002
<i>Subtotal WIA Cluster</i>			<u>529,476</u>
<i>Other Programs</i>			
WIA National Emergency Grants	17.277	15404 BRAC 11	16,850
Pass-Through Program From:			
Oklahoma Employment Security Commission -			
Title V, Senior Community Services			
Employment Program	17.235	95842-SW-PY 12-SCSEP	171,056
		95841-SW-PY 11-SCSEP	7,330
WIA Trade Adjustment Assistance	17.245	170-016 TAA	20,210
<i>Subtotal Other Programs</i>			<u>215,446</u>
Total U.S. Department of Labor			<u>744,922</u>
<u>U.S. Department of Health and Human Services</u>			
Pass-Through Program From:			
Oklahoma Department of Human Services			
<i>Aging Cluster</i>			
Area Agency on Aging Title III Part B	93.044	3407-6010	125,200
Area Agency on Aging Title III Part C	93.045	3407-6010	227,140
Area Agency on Aging NSIP	93.053	3407-6010	73,827
<i>Subtotal Aging Cluster</i>			<u>426,167</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, 2013

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
FEDERAL PROGRAMS			
Pass-Through Program From:			
Oklahoma Department of Human Services			
<i>Other Programs</i>			
Area Agency on Aging Title III Part I	93.043	3407-6010	7,109
Area Agency on Aging Title III Part E	93.052	3407-6010	20,187
Area Agency on Aging Title VII	93.041	3407-6010	1,754
<i>Subtotal</i>			<u>29,050</u>
Medicare Improvements for Patients and Providers (MIPPA II)	93.518	PA#1022865 PA#1022865 Modification	1,106 5,000
Money Follows the Person (Living Choice) ADRC	93.791	PA#11022779	359
<i>Subtotal</i>			<u>6,465</u>
Pass-Through Program From:			
Oklahoma Insurance Department			
Senior Health Insurance Counseling Program (SHIP)	93.779	IN0CMS020203-20-00	8,357
Senior Medicare Patrol (SMP)	93.048	90MP0082/02	3,000
<i>Subtotal</i>			<u>11,357</u>
Total U.S. Department of Health and Human Services			<u>473,039</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	J/P 01946(57)	24,916
Total U.S. Department of Transportation			<u>24,916</u>
<u>U.S. Department of Commerce</u>			
Direct Program -			
Title II, Section 203 Planning Assistance:			
Continuation planning	11.302	08-83-04672	63,945
		08-86-04792	423
Economic Adjustment Assistance/ Revolving Loan Fund	11.307	08-39-02979	59,253
Total U.S. Department of Commerce			<u>123,621</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,366,498</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, 2013

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, 2013:

Program Title	Federal CFDA No.	Amount Outstanding
<u>U.S. Department of Agriculture</u>		
Rural Business – Cooperative Service – Intermediary Relending Program	10.767	\$ 1,102
<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	75,330

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	\$ 77,924
Part C – Nutrition Services	93.045	190,281
Part D – Disease Prevention and Health Promotion Services	93.043	7,109
Part E – Caregiver Support	93.052	11,691
Area Agency on Aging NSIP	93.053	73,827
		<u>\$ 360,832</u>

South Western Oklahoma Development Authority
Schedule of Expenditures of State Awards
Year Ended June 30, 2013

State Grantor/ Pass-Through Grantor/ Program or Cluster Title	Grantor Identifying Number	Expenditures
STATE PROGRAMS		
<u>Oklahoma Department of Commerce</u>		
Substate Planning District	15320 SS 13	\$ 36,364
Community Expansion of Nutritional Assistance	15165 CENA 13	189,593
Rural Economic Action Plans	13890 REAP 10	20,492
	14457 REAP 11	208,275
	14778 REAP 12	547,457
	15289 REAP 13	337,258
	13461 REAP 09 Planning & administration	72,691
	13890 REAP 10 Planning & administration	55,137
Total Oklahoma Department of Commerce		<u>1,467,267</u>
<u>Oklahoma Department of Agriculture</u>		
Pass-Through Program From:		
Oklahoma Association of Regional Councils - Rural Fire Defense Program	FY 2013	<u>70,000</u>
Total Oklahoma Department of Agriculture		<u>70,000</u>
<u>Oklahoma Department of Human Services</u>		
<i>Area Agency on Aging</i>		
Title III Part B	3407-6010	139,635
Title III Part C	3407-6010	189,938
Title III Part D	3407-6010	1,263
Title III Part E	3407-6010	6,729
Title VII	3407-6010	309
Total Oklahoma Department of Human Services		<u>337,874</u>
Oklahoma Commission on Children and Youth		
Community Partnership Board	1279001490	<u>4,250</u>
Total Oklahoma Department of Human Services		<u>342,124</u>
Total Expenditures of State Awards		<u><u>\$ 1,879,391</u></u>

South Western Oklahoma Development Authority
Summary Schedule of Prior Audit Findings

Financial Statement Findings

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

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, 2013

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

17.258-17.278

WIA cluster

93.044-93.707

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.