

South Western Oklahoma Development Authority

Financial Statements
with Independent Auditor's Report

June 30, 2023



**HINKLE &
COMPANY**
Strategic ^{PC}
Business Advisors

South Western Oklahoma Development Authority

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June 30, 2023

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

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 the South Western Oklahoma Development Authority (the Authority) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of South Western Oklahoma Development Authority as of June 30, 2023, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of South Western Oklahoma Development Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

South Western Oklahoma Development Authority's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

5028 E. 101st Street

Tulsa, OK 74137

TEL: 918.492.3388

FAX: 918.492.4443

www.hinklecpas.com

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about South Western Oklahoma Development Authority's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 South Western Oklahoma Development Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about South Western Oklahoma Development Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and other analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise South Western Oklahoma Development Authority's basic financial statements. The other supplementary information, schedule of expenditures of state awards, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, schedule of expenditure of state awards, and schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the South Western Oklahoma Development Authority's internal control over financial reporting and compliance.

Hick & Company, PC

Tulsa, Oklahoma
December 7, 2023



South Western Oklahoma Development Authority

Management's Discussion and Analysis

June 30, 2023

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, 2023. Please read it in conjunction with SWODA's financial statements.

FINANCIAL HIGHLIGHTS

- ❖ The assets of SWODA exceeded its liabilities at the close of the year by \$ 3,835,310 (net position). Of this amount, \$ 2,157,241 (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 SWODA's governmental funds reported ending fund balance of \$ 1,801,816. Approximately \$ 1,789,693 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 SWODA'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 SWODA'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 SWODA'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 SWODA'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.

South Western Oklahoma Development Authority

Management's Discussion and Analysis

June 30, 2023

The Statement of Activities

The statement of activities presents information showing how SWODA's net position changed during the 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 SWODA into two types:

Governmental activities-Most of SWODA's basic services and programs are reported here, including General Government, Substance Use Prevention Treatment and Recovery, Aging Services, Economic and Community Development, Public Safety, and Transportation Planning. Contracts with members and other governmental entities, as well as state and federal grants, finance most of these activities.

Business-type activities-SWODA charges fees to non-members (customers) for services and facilities to help cover all or a part of the cost of providing those services and maintaining facilities. SWODA's housing construction operation is included in these activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. SWODA, 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 SWODA 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.

South Western Oklahoma Development Authority
Management's Discussion and Analysis
June 30, 2023

The Organization As A Whole

Net Position

As noted earlier, net position may serve over time as a useful indicator of SWODA's financial position. For the year ended June 30, 2023, SWODA's net position increased by \$ 349,965 to \$ 3,835,310. Governmental Activities net position increased due the addition of several additional contracts and the organization staying within operating budgets. Business-Type activities net position decreased due to a pause in construction for economic reasons.

Current assets (see Table 1) contain \$ 2,711,850 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 \$ 2,633,142 are shown (Table 1) in current liabilities.

Table 1
South Western Oklahoma Development Authority's Net Position

June 30, 2023

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current assets	\$ 5,009,523	\$ 3,778,346	\$ 46	\$ 1,001	\$ 5,009,569	\$ 3,779,347
Capital and other	1,665,935	2,546,454	107,447	111,187	1,773,382	2,657,641
Total assets	<u>6,675,458</u>	<u>6,324,800</u>	<u>107,493</u>	<u>112,188</u>	<u>6,782,951</u>	<u>6,436,988</u>
Deferred outflows	<u>795,898</u>	<u>249,121</u>	<u>642</u>	<u>621</u>	<u>796,540</u>	<u>249,742</u>
Current liabilities	3,662,157	2,193,855	30,089	25,620	3,692,246	2,219,475
Long-term liabilities		-	-	-	-	-
Total liabilities	<u>3,662,157</u>	<u>2,193,855</u>	<u>30,089</u>	<u>25,620</u>	<u>3,692,246</u>	<u>2,219,475</u>
Deferred inflows	<u>51,893</u>	<u>979,466</u>	<u>42</u>	<u>2,444</u>	<u>51,935</u>	<u>981,910</u>
Net position:						
Net investment in capital assets	1,665,935	1,648,642	-	-	1,665,935	1,648,642
Restricted	12,134	21,183	-	-	12,134	21,183
Unrestricted	<u>2,079,237</u>	<u>1,730.78</u>	<u>78,004</u>	<u>84,745</u>	<u>2,079,237</u>	<u>1,815,520</u>
Total net position	<u>\$ 3,757,306</u>	<u>\$ 3,400,600</u>	<u>\$ 78,004</u>	<u>\$ 84,745</u>	<u>\$ 3,835,310</u>	<u>\$ 3,485,345</u>

South Western Oklahoma Development Authority

Management's Discussion and Analysis

June 30, 2023

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 \$ 2,079,237. An additional portion of SWODA's net position \$12,134 represents resources that are subject to external restrictions on how they may be used. These restrictions apply to governmental activities such as the Rural Economic Action Plan, and other grant-based programs in which SWODA participates.

Governmental Activities

For the year ended June 30, 2023, net position increased by \$356,706 to \$3,757,306. Table 2 illustrates the change in net position due to governmental activities. SWODA's three major governmental programs are displayed to provide additional detail for analysis.

Table 2
South Western Oklahoma Development Authority's
Governmental Activities
June 30, 2023

	Governmental Activities				Total
	Transportation Planning	Aging Services	Community Development	All Other Government	
Program revenues:					
Charges for services	\$ -	\$ -	\$ 113,589	\$ 1,312,238	\$ 1,425,827
Grants/contributions	303,284	1,389,232	1,707,367	1,099,727	4,499,610
General revenues	-	-	-	13,636	13,636
Total revenues	303,284	1,389,232	1,820,956	2,425,601	5,939,073
Expenses:					
Program expenses	338,637	1,402,039	1,784,697	2,200,757	5,726,130
Total expenses	338,637	1,402,039	1,784,697	2,200,757	5,726,130
Changes in net position:					
Net increase or (decrease)	\$ (35,353)	\$ (12,807)	\$ 36,259	\$ 224,844	\$ 212,943

SWODA's Aging Services activities consist of two programs, Area Agency on Aging, and the CENA program. During the current year, the (\$12,807) decrease in net position for Aging services is due to required match. The loss in Aging services is funded with local unrestricted funds from General Government (matching revenue is reflected under General revenues in 'All of Governments' Activities).

Transportation Planning activities during the year decreased net position by (\$35,353) due to required match that is funded with local unrestricted funds from General Government (matching revenue is reflected under General revenues in 'All of Governments' Activities).

Community development activities increased net position as of June 30, 2023 by \$36,259, mostly due to results of operations in contracted services.

South Western Oklahoma Development Authority

Management's Discussion and Analysis

June 30, 2023

All other government activities increased net position by \$224,844. The increase is mostly due to contracted activities such as Advantage Case Management and other contracted services.

Business-type Activities

The *Statement of Activities* shows an overall loss of \$6,741 in net position for the period. The decrease is due to the loss on sale of an undevelopable lot in Cordell and maintenance on other lots held for sale.

Fund Balance

The *Statement of Revenues, Expenses, and Changes in Fund Balance-Governmental Funds* shows SWODA's total governmental fund balance increased by \$217,325 since last year due to addition of new contracts, rate increases, and completion of projects.

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, 2023, SWODA had \$ 1,665,935 invested in capital assets, which is a net decrease from the previous year balance of \$ 1,648,642 due primarily to the depreciation of assets.

Debt administration

SWODA had no debt outstanding during the year ended June 30, 2023.

South Western Oklahoma Development Authority

Management's Discussion and Analysis

June 30, 2023

Economic factors and funding dependence

SWODA has an inherent dependency on State and Federal funding. As noted previously in this discussion, the State and Federal economies influence SWODA's overall health. Revenue shortfalls and subsequent budget reductions pose a risk to SWODA's various government funded grants and contracts. Management has tried to mitigate this risk by building an unrestricted reserve \$ 2,157,241 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.



Susan Featherston/ Director of Finance

Basic Financial Statements

South Western Oklahoma Development Authority
Statement of Net Position
June 30, 2023

	2023		
	Government Activities	Business - Type Activities	Total
Assets			
Cash	\$ 1,470,598	\$ -	\$ 1,470,598
Investments	2,358,414	-	2,358,414
Accounts receivable	1,074,583	-	1,074,583
Due from other fund	27,630	-	27,630
Prepaid expenses	21,361	-	21,361
Net OPEB asset	56,937	46	56,983
Assets held for sale	-	107,447	107,447
Capital assets, net	1,665,935	-	1,665,935
Total Assets	6,675,458	107,493	6,782,951
Deferred Outflows of Resources			
Deferred amounts from pensions	759,451	612	760,063
Deferred amounts from OPEB	36,447	30	36,477
Total Deferred Outflows of Resources	795,898	642	796,540
Liabilities			
Accounts payable and accrued expense	478,945	2,047	480,992
Due to other fund	-	27,630	27,630
Unearned revenue	2,671,825	-	2,671,825
Net pension liabilities	511,387	412	511,799
Total Liabilities	3,662,157	30,089	3,692,246
Deferred Inflows of Resources			
Deferred amounts from pensions	23,446	19	23,465
Deferred amounts from OPEB	28,447	23	28,470
Total Deferred Inflows of Resources	51,893	42	51,935
Net Position			
Net Investment in capital assets	1,665,935	-	1,665,935
Restricted for:			
Expendable	12,134	-	12,134
Unrestricted	2,079,237	78,004	2,157,241
Total Net Position	\$ 3,757,306	\$ 78,004	\$ 3,835,310

South Western Oklahoma Development Authority
Statement of Activities
For the Year Ended June 30, 2023

	Program Revenues			Net Revenue (Expense) and Changes in Net Position			
	Program Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business-Type Activities	Total
Government activities							
General government	\$ 1,208,143	\$ 1,312,238	\$ 13,636	\$ -	\$ 117,731	\$ -	\$ 117,731
Aging Services	1,402,039	-	1,389,232	-	(12,807)	-	(12,807)
Transportation Planning	338,637	-	303,284	-	(35,353)	-	(35,353)
Economic development	110,402	-	75,556	-	(34,846)	-	(34,846)
Community services	882,212	-	1,023,901	-	141,689	-	141,689
Community development	1,784,697	113,589	1,707,637	-	36,529	-	36,529
Total Government Activities	<u>5,726,130</u>	<u>1,425,827</u>	<u>4,513,246</u>	<u>-</u>	<u>212,943</u>	<u>-</u>	<u>212,943</u>
Business-type activities							
Housing development	7,591	850	-	-	-	(6,741)	(6,741)
Total business-type activities	<u>7,591</u>	<u>850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,741)</u>	<u>(6,741)</u>
Total Activities	<u>\$ 5,733,721</u>	<u>\$ 1,426,677</u>	<u>\$ 4,513,246</u>	<u>\$ -</u>	<u>212,943</u>	<u>(6,741)</u>	<u>206,202</u>
			General revenues (expenses):				
			Interest Income		44,592	-	44,592
			Other Income		99,171	-	99,171
			Total general revenues		<u>143,763</u>	<u>-</u>	<u>143,763</u>
			Change in Net Assets		356,706	(6,741)	349,965
			Net Position, Beginning of Year		<u>3,400,600</u>	<u>84,745</u>	<u>3,485,345</u>
			Net Position, End of Year		<u>\$ 3,757,306</u>	<u>\$ 78,004</u>	<u>\$ 3,835,310</u>

See Notes to the Financial Statements.

South Western Oklahoma Development Authority
 Governmental Funds Balance Sheet
 June 30, 2023

Assets	General Funds	Area Agency on Aging	Rural Economic Action Plan	CDBG	Economic Development	Other Governmental Funds	Total Governmental Funds
Cash	\$ 1,205,481	\$ (38,246)	\$ 126,163	\$ 269,771	\$ (15,828)	\$ (76,745)	\$ 1,470,596
Investments	-	-	2,358,414	-	-	-	2,358,414
Accounts receivable	118,741	378,570	227,273	17,920	21,769	310,311	1,074,584
Prepaid expense	21,361	-	-	-	-	-	21,361
Due from other fund	27,630	-	-	-	-	-	27,630
Total Assets	<u>\$ 1,373,213</u>	<u>\$ 340,324</u>	<u>\$ 2,711,850</u>	<u>\$ 287,691</u>	<u>\$ 5,941</u>	<u>\$ 233,566</u>	<u>\$ 4,952,585</u>
Liabilities							
Accounts payable and Accrued exp.	\$ 43,570	\$ 339,392	\$ 38,753	\$ 325	\$ 5,941	\$ 50,964	\$ 478,945
Due to other fund	-	-	-	-	-	-	-
Unearned revenue	37,750	932	2,633,142	-	-	-	2,671,824
Total Liabilities	<u>81,320</u>	<u>340,324</u>	<u>2,671,895</u>	<u>325</u>	<u>5,941</u>	<u>50,964</u>	<u>3,150,769</u>
Fund Balance							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	12,134	-	-	-	12,134
Assigned	-	184	-	241,216	-	182,602	424,002
Unassigned	1,291,893	(184)	27,821	46,150	-	-	1,365,680
Total Fund Balance	<u>1,291,893</u>	<u>-</u>	<u>39,955</u>	<u>287,366</u>	<u>-</u>	<u>182,602</u>	<u>1,801,816</u>
Total Liabilities and Fund Balance	<u>\$ 1,373,213</u>	<u>\$ 340,324</u>	<u>\$ 2,711,850</u>	<u>\$ 287,691</u>	<u>\$ 5,941</u>	<u>\$ 233,566</u>	<u>\$ 4,952,585</u>

See Notes to the Financial Statements.

South Western Oklahoma Development Authority
 Governmental Funds Statement of Revenues, Expenditures
 And Changes in Fund Balance
 For the Year Ended June 30, 2023

	General Funds	Area Agency on Aging	Rural Economic Action Plan	CDBG	Economic Development	Other Governmental Funds	Total Governmental Funds
Revenues							
Federal grants	\$ -	\$ 699,096	\$ -	\$ -	\$ 75,556	\$ 627,184	\$ 1,401,836
State grants and appropriations	13,636	538,266	1,634,910	-	-	924,598	3,111,410
Local charges and services	1,254,468	-	-	-	-	375	1,254,843
Members' dues and Assessments	57,770	-	-	80,214	-	33,000	170,984
Interest revenue	7,693	-	36,900	-	-	-	44,593
Match revenue	-	12,623	-	-	34,846	51,700	99,169
Total Revenues	<u>1,333,567</u>	<u>1,249,985</u>	<u>1,671,810</u>	<u>80,214</u>	<u>110,402</u>	<u>1,636,857</u>	<u>6,082,835</u>
Expenses							
Salaries	561,564	129,855	56,818	17,475	58,981	404,828	1,229,521
Taxes and fringe benefits	240,663	53,265	28,853	7,685	23,851	176,069	530,386
Indirect costs	192,477	43,949	20,511	6,038	19,822	139,366	422,163
Travel	35,355	10,572	1,009	2,795	3,598	38,520	91,849
Other expense	110,888	13,315	4,472	71	4,150	423,451	556,347
Program costs	206,578	38,206	-	-	-	-	244,784
Pass-through grants	-	961,007	1,532,326	-	-	297,127	2,790,460
Total Expenses	<u>1,347,525</u>	<u>1,250,169</u>	<u>1,643,989</u>	<u>34,064</u>	<u>110,402</u>	<u>1,479,361</u>	<u>5,865,510</u>
Net Change in Fund Balances	(13,958)	(184)	27,821	46,150	-	157,496	217,325
Fund Balances, Beginning of Year	<u>1,305,851</u>	<u>184</u>	<u>12,134</u>	<u>241,216</u>	<u>-</u>	<u>25,106</u>	<u>1,584,491</u>
Fund Balances, End of Year	<u>\$ 1,291,893</u>	<u>\$ -</u>	<u>\$ 39,955</u>	<u>\$ 287,366</u>	<u>\$ -</u>	<u>\$ 182,602</u>	<u>\$ 1,801,816</u>

See Notes to the Financial Statements.

South Western Oklahoma Development Authority

Reconciliation of Governmental Funds and Government-wide Financial Statements For the Year Ended June 30, 2023

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

Total fund balances - governmental funds	\$ 1,801,816
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets, net of accumulated depreciation	1,665,935
Net OPEB asset	56,937
Pension related deferred outflows	759,451
OPEB related deferred outflows	36,447
Liabilities are not due and payable in the current period, and therefore, are not reported as liabilities in the funds.	
Net pension liabilities	(511,387)
Pension related deferred inflows	(23,446)
OPEB related deferred inflows	<u>(28,447)</u>
Net assets of governmental activities	<u>\$ 3,757,306</u>

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

Net change in fund balance - governmental funds	\$ 217,325
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays and issue costs as expenditures, while governmental activities report depreciation and amortization expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	164,802
Depreciation expense	(146,484)
Capital asset disposition, net	(1,025)
Some expense in the statement of activities do not require the use of current financial resources and, therefore, are not reported in government funds	
Pension related expenses, net change	107,919
OPEB related expenses, net change	<u>14,169</u>
Change in Net Assets - governmental activities	<u>\$ 356,706</u>

South Western Oklahoma Development Authority
Statement of Net Position
Proprietary Funds
June 30, 2023

	2023
Assets	
Cash	\$ -
Assets held for sale	107,447
Net OPEB asset	46
Total Assets	107,493
Deferred Outflows of Resources	
Deferred amounts related to pension	612
Deferred amounts related to OPEB	30
Total Deferred Outflows of Resources	642
Liabilities	
Accounts payable	46
Deposits held	2,001
Net pension liabilities	412
Due to other fund	27,630
Total Liabilities	30,089
Deferred Inflows of Resources	
Deferred amounts related to pension	19
Deferred amounts related to OPEB	23
Total Deferred Inflows	42
Net Position	
Unrestricted	78,004
Total Net Position	\$ 78,004

South Western Oklahoma Development Authority
Statement of Revenues, Expenditures, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	2023
Operating Revenues	
Sales	\$ 850
Other	-
Total Operating Revenues	850
Operating Expenses	
Cost of houses	1,500
Housing development	5,636
Indirect costs	454
Total Operating Expenses	7,590
Changes in Net Position	(6,740)
Transfers	-
Net Position, Beginning of Year	84,744
Net Position, End of Year	\$ 78,004

South Western Oklahoma Development Authority

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2023

	<u>2023</u>
Cash Flows from Operating Activities	
Net Operating Income	\$ (6,740)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities	
Changes in:	
Net OPEB asset	162
Accounts payable & accrued liability	(3,785)
Deposit	1
Due to other fund	7,840
Net pension liability	2,444
Deferred Inflows/Outflows related to pension	(2,423)
Net cash used in operating activities	<u>(2,501)</u>
Cash Flows from Investing Activities	
Sale of assets held for sale	1,500
Net cash provided by investing activities	<u>1,500</u>
Net Change in Cash	(1,001)
Cash, <i>Beginning of Year</i>	<u>1,001</u>
Cash, <i>End of Year</i>	<u><u>\$ -</u></u>

South Western Oklahoma Development Authority
Statement of Net Position
Fiduciary Funds
June 30, 2023

	<u>2023</u>
Assets	
Cash	\$ -
Total Assets	<u>-</u>
Liabilities	
Accounts payable	-
Total Liabilities	<u>-</u>
Total Net Position	<u>\$ -</u>

South Western Oklahoma Development Authority

Notes to Financial Statements

June 30, 2023

Note 1: Summary of Significant Accounting Policies

Reporting Entity

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

Measurement Focus and Basis of Accounting

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

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

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

The Authority reports the following major governmental funds:

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

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

South Western Oklahoma Development Authority

Notes to Financial Statements

June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

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

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

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

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 fund:

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all interest.

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

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

Discretely Presented Component Unit

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

South Western Oklahoma Development Authority

Notes to Financial Statements

June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements

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

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

Separate fund financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements.

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

Deposits and Investments

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 the Authority 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 the Authority are reported at fair value.

Accounts Receivable and Other Receivables

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

South Western Oklahoma Development Authority

Notes to Financial Statements

June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable and Other Receivables (Continued)

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

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

Prepaid Items

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

Capital Assets

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20
Equipment and Furniture	5-10
Computer Equipment and Software	3-10

Compensated Absences

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

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.

South Western Oklahoma Development Authority

Notes to Financial Statements

June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Inflows/Outflows of Resources

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

Fund Balances and Net Position

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

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

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

Committed - Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the entity's highest level of decision-making authority.

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

Unassigned - Represents fund balance that has not been assigned to other funds and has not been restricted, committed or assigned to specific purposes within the general fund.

It is the Authority's policy to first use restricted fund balance prior to the use of unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The entity's policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amount in any of those unrestricted fund balance classifications could be used.

Net Position - Net position are displayed in three components as follows:

Net Investment in Capital Assets - Consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of any debt or other borrowings that are attributable to the acquisition, construction, or improvement of the assets.

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

South Western Oklahoma Development Authority

Notes to Financial Statements

June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balances and Net Position (Continued)

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

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

Allocation of Employee Benefits and Indirect Costs

The Authority’s employee benefits and indirect costs are allocated based upon actual expenditures to all grants in accordance with *Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, (2) C.F.R. Part 200. The Authority’s employee benefits are allocated to grants and other projects as a percentage of direct labor costs. Indirect costs necessary to sustain overall operations are allocated as a percentage of total direct labor costs charged to grants and other projects.

Budgetary Information

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

Subsequent Events

Management has evaluated subsequent events through December 7, 2023, the date which the financial statements were available to be issued.

Note 2: Deposits and Investments

Deposits

The Authority’s carrying amount of deposits was \$1,470,599 as of June 30, 2023 and the bank balances totaled \$1,612,537. Deposits are carried at cost.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of June 30, 2023, all of the Authority’s bank balances of \$1,612,537 were FDIC insured or collateralized by pledges from the banks.

South Western Oklahoma Development Authority

Notes to Financial Statements

June 30, 2023

Note 2: Deposits and Investments (Continued)

Investments

As of June 30, 2023, the Authority had the following investments.

<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
Certificates of Deposits	< 1 Year	\$ 2,358,414
Total		<u>\$ 2,358,414</u>

Interest Rate Risk

The Authority 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. The Authority has no investment policy that would further limit its investment choices. As of June 30, 2023, the Authority's investments in certificates of deposit were all federally insured.

Concentration of Credit Risk

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

South Western Oklahoma Development Authority

Notes to Financial Statements

June 30, 2023

Note 3: Receivables

Accounts Receivable

Receivables as of June 30, 2023, for the South Western Oklahoma Development Authority's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	General Funds	Area Agency on Aging	Rural Economic Action Plan	CDBG	Economic Development	Other Governmental Funds	Total
Receivables:							
Accounts receivable	\$ 636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 636
Due from other governments	119,905	378,570	227,273	17,920	21,769	310,311	1,075,748
Less: Allowance for uncollectible	(1,800)	-	-	-	-	-	(1,800)
Net Total receivables	<u>\$ 118,741</u>	<u>\$ 378,570</u>	<u>\$ 227,273</u>	<u>\$ 17,920</u>	<u>\$ 21,769</u>	<u>\$ 310,311</u>	<u>\$ 1,074,584</u>

Note 4: Other Receivables

Interfund receivable, payables and transfers

The composition of interfund balances as of June 30, 2023 is as follows:

Receivable Fund	Payable Fund	2023
General Fund	Business Enterprise Fund	<u>\$ 27,630</u>

Note 5: Capital Assets

Capital asset balances and activities for the year ended June 30, 2023, were as follows:

	Beginning Balance	Increases	Decreases	Transfer	Ending Balance
Governmental activities:					
Capital assets, being depreciated:					
Buildings, land & improvements	\$ 2,920,879	\$ -	\$ -	\$ -	\$ 2,920,879
Equipment & furniture	122,643	-	-	-	122,643
Vehicles	-	157,801	-	-	157,801
Computer equipment & software	160,336	7,001	(8,401)	-	158,936
Total capital assets, being depreciated	<u>3,203,858</u>	<u>164,802</u>	<u>(8,401)</u>	<u>-</u>	<u>3,360,259</u>
Less accumulated depreciation for:					
Buildings, land & improvements	(1,371,818)	(102,915)	-	-	(1,474,733)
Equipment & furniture	(66,631)	(4,374)	-	-	(71,005)
Vehicles	-	(22,543)	-	-	(22,543)
Computer equipment & software	(116,767)	(16,652)	7,376	-	(126,043)
Total accumulated depreciation	<u>(1,555,216)</u>	<u>(146,484)</u>	<u>7,376</u>	<u>-</u>	<u>(1,694,324)</u>
Governmental activities capital assets, <i>net</i>	<u>\$ 1,648,642</u>	<u>\$ 18,318</u>	<u>\$ (1,025)</u>	<u>\$ -</u>	<u>\$ 1,665,935</u>

South Western Oklahoma Development Authority

Notes to Financial Statements

June 30, 2023

Note 5: Capital Assets (Continued)

Depreciation expense for the years ended June 30, 2023 was charged to functions/programs of the primary government as follows:

Note 6: Long-Term Liabilities

Unearned Revenue

Unearned revenues represent advances on grants or contracts which have not been expended. Unearned revenues for the years ended June 30, 2023, totaled \$948,952 and included the following:

	<u>2023</u>
REAP funds	
2021 REAP Funds	\$ 133,095
2022 REAP Funds	550,631
2023 REAP Funds	1,884,026
REAP Planning Funds	<u>65,391</u>
Total REAP Funds	2,633,143
Area Agency on Aging	932
Masonic Foundation Grant	<u>37,750</u>
Total Deferred Revenue	<u>\$ 2,671,825</u>

Long-Term Debt

As of June 30, 2023, South Western Oklahoma Development Authority did not have any outstanding debt.

Note 7: Retirement Plans

Plan description

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

Benefits provided

OPERS provides retirement, disability, and death benefits to members of the plan.

South Western Oklahoma Development Authority

Notes to Financial Statements

June 30, 2023

Note 7: Retirement Plans (Continued)

Benefits provided (Continued)

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

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

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

Benefits are calculated for each member category as follows:

- Employees
 - Benefits are determined at 2% of the average annual salary received during the highest 36 months of the last ten years of participating service, but not to exceed the applicable annual salary cap, multiplied by the number of years of credited service. Members who join OPERS on or after July 1, 2013, will have their salary averaged over the highest 60 months of the last ten years. Normal retirement age under the Plan is 62 or Rule of 80/90 if the participant became a member prior to November 1, 2011, or age 65 or Rule of 90 if the participant became a member on or after November 1, 2011.
 - Members who elect to pay the additional contribution rate, which became available in January 2004, will receive benefits using a 2.5% computation factor for each full year the additional contributions are made. In 2004, legislation was enacted to provide an increased benefit to retiring members who were not yet eligible for Medicare. The Medicare Gap benefit option became available to members under age 65 who retired on or after May 1, 2006. Members may elect to receive a temporary increased benefit to cover the cost of health insurance premiums until the member is eligible to receive Medicare. After the member becomes eligible for Medicare, the retirement benefit will be permanently reduced by an actuarially determined amount.
 - The option is irrevocable, must be chosen prior to retirement and is structured to have a neutral actuarial cost to the Plan.

South Western Oklahoma Development Authority

Notes to Financial Statements

June 30, 2023

Note 7: Retirement Plans (Continued)

Benefits provided (Continued)

- Members become eligible to vest fully upon termination of employment after attaining eight years of credited service, or the members' contributions may be withdrawn upon termination of employment.

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

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

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

Contributions

The contribution rates for each member category of the Plan are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. Employees are required to contribute 5% percent of their annual pay. Participating entities are required to contribute 15% of the employees' annual pay. Contributions to the pension plan from the Authority were \$172,051.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the Authority reported a liability of \$511,799, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension asset used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Authority's proportion of the net pension liability was based on the Authority's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2022. Based upon this information, the Authority's proportion was 0.06088751 percent.

South Western Oklahoma Development Authority

Notes to Financial Statements

June 30, 2023

Note 7: Retirement Plans (Continued)

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2023, the Authority recognized pension expense of \$115,658. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 23,465
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	537,198	-
SWODA's contributions subsequent to the measurement date	222,865	-
Total	\$ 760,063	\$ 23,465

As of June 30, 2023, \$171,397, was reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	Deferred Outflows
2022	\$ 75,237
2023	78,049
2024	54,788
2025	305,659
Total	\$ 513,733

South Western Oklahoma Development Authority

Notes to Financial Statements

June 30, 2023

Note 7: Retirement Plans (Continued)

Actuarial Assumptions (Continued)

The total pension liability as of June 30, 2023, was determined based on an actuarial valuation prepared as of July 1, 2022, using the following actuarial assumptions:

- Investment return - 6.50% for 2022 and 2021 compounded annually net of investment expense and including inflation.
- Salary increases - 3.5% to 9.25% for 2022 and 2021.
- Mortality rates - In 2022 and 2021, Pub-2010 Below Media, General Membership Active/Retiree Healthy Mortality Table with base rates projected to 2030 using Scale MP-2019. Male rates are unadjusted, and female rates are set forward two years.
- No annual post-retirement benefit increases.
- Assumed inflation rate - 2.50% for 2022 and 2021.
- Payroll growth - 3.25% for 2022 and 2021.
- Actuarial cost method - Entry age.
- Select period for the termination of employment assumptions - 10 years.

The actuarial assumptions used in the July 1, 2022, valuations are based on the results of the most recent actuarial experience study, which cover the three-year period ending June 30, 2019. The experience study report is dated May 13, 2020.

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

The Target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Rental Rate of Return
U.S. Large Cap Equity	34.0%	4.70%
U.S. Small Cap Equity	6.0%	5.80%
Int's Developed Equity	23.0%	6.50%
Margining Market Equity	5.0%	8.50%
Core Fixed Income	25.0%	0.50%
Long Term Treasuries	3.5%	0.00%
US Tips	3.5%	0.30%
Total	100.0%	

South Western Oklahoma Development Authority

Notes to Financial Statements

June 30, 2023

Note 7: Retirement Plans (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers will be made at the current contribution rate as set out in state statute. Based on those assumptions, the pension plan's fiduciary net position was projected through 2114 to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determined does not use a municipal bond rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the employers calculated using the discount rate of 6.50%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	<u>1% Decrease Rate (5.50%)</u>	<u>Current Discount Rate (6.50%)</u>	<u>1% Increase Rate (7.50%)</u>
Employers' net pension liability	\$ 1,254,422	\$ 511,799	\$ (116,245)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPERS; which can be located at www.opers.ok.gov.

Note 8: Other Post-Employment Benefits (OPEB)

Plan description

The Authority as the employer, participates in the Supplemental Health Insurance Program-a cost-sharing multiple-employer defined benefit OPEB plan administered by the Oklahoma Public Employees Retirement System (OPERS). The authority to establish and amend benefit provisions rests with the State Legislature. OPERS issues a publicly available financial report that can be obtained at www.opers.ok.gov.

South Western Oklahoma Development Authority

Notes to Financial Statements

June 30, 2023

Note 8: Other Post-Employment Benefits (OPEB) (Continued)

Benefits provided

OPERS pays a medical insurance supplement to eligible members who elect to maintain health insurance with the Oklahoma Employees Group Insurance Division (EGID) or other qualified insurance plan provided by the employer. This subsidy continues until the retiree terminates health insurance coverage with EGID or other qualified plan, or until death. The subsidy is only for the retiree, not joint annuitants or beneficiaries. The supplement payment is capped at \$105 per month per retiree.

Contributions

The contribution rates for each member category of the System are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. An actuarially determined portion of the total contributions to the System are set aside to finance the cost of the benefits of the HISP in accordance with provisions of the Internal Revenue Code. Based on the contribution requirements of the plan employers and employees contribute a single amount based on a single contribution rate as described in Note 7; from this amount OPERS allocates a portion of the contributions to the supplemental health insurance program. Contributions allocated to the OPEB plan from the Authority were \$10,098.

OPEB Liabilities (Assets), OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the Authority reported an asset of \$64,459 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2022. The Authority's proportion of the net OPEB asset was based on the Authority's contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2022. Based upon this information, the Authority's proportion was 0.06088751 percent.

South Western Oklahoma Development Authority

Notes to Financial Statements

June 30, 2023

Note 8: Other Post-Employment Benefits (OPEB) (Continued)

OPEB Liabilities (Assets), OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

For the year ended June 30, 2023, the Authority recognized OPEB revenue of \$5,218. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 28,470
Changes of assumptions	4,812	-
Net difference between projected and actual earnings on pension plan investments	21,567	-
SWODA's contributions subsequent to the measurement date	10,098	-
Total	\$ 36,477	\$ 28,470

The \$10,752 reported as deferred outflows of resources related to OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>	Deferred Outflows
2022	\$ (2,814)
2023	(2,173)
2024	(2,099)
2025	6,160
2026	(1,774)
Total	\$ (2,700)

Actuarial Assumptions

The total pension liability was determined based on actuarial valuations prepared as of July 1, 2020, using the following actuarial assumptions:

- Investment return - 6.50% for 2022 and 2021 compounded annually net of investment expense and including inflation.
- Salary increases - 3.5% to 9.25% for 2022 and 2021.

South Western Oklahoma Development Authority

Notes to Financial Statements

June 30, 2023

Note 8: Other Post-Employment Benefits (OPEB) (Continued)

Actuarial Assumptions (Continued)

- Mortality rates - In 2022 and 2021, Pub-2010 Below Media, General Membership Active/Retiree Healthy Mortality Table with base rates projected to 2030 using Scale MP-2019. Male rates are unadjusted, and female rates are set forward two years.
- No annual post-retirement benefit increases.
- Assumed inflation rate - 2.50% for 2022 and 2021.
- Payroll growth - 3.25% for 2022 and 2021.
- Actuarial cost method - Entry age.
- Select period for the termination of employment assumptions - 10 years.
- Health Care Trend Rate - Not applicable based on how the System is structured and benefit payments are made.

The actuarial assumptions used in the July 1, 2022 valuation are based on the results of the most recent actuarial experience study, which covered the three-year period ending June 30, 2019. The experience study report is dated May 13, 2020.

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

The Target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Rental Rate
U.S. Large Cap Equity	34.0%	4.70%
U.S. Small Cap Equity	6.0%	5.80%
Int's Developed Equity	23.0%	6.50%
Margining Market Equity	5.0%	8.50%
Core Fixed Income	25.0%	0.50%
Long Term Treasuries	3.5%	0.00%
US Tips	3.5%	0.30%
Total	100.0%	

South Western Oklahoma Development Authority

Notes to Financial Statements

June 30, 2023

Note 8: Other Post-Employment Benefits (OPEB) (Continued)

Discount Rate

A single discount rate of 6.50% was used to measure the total OPRB liability (asset) as of June 30, 2023. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 6.50%. Based on the stated assumptions and the projection of cash flows, the OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB liability (asset) of the employer calculated using the discount rate of 6.50%, as well as what the Plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease Rate (5.50%)	Current Discount Rate (6.50%)	1% Increase Rate (7.50%)
Employers' net pension liability (asset)	\$ (36,782)	\$ (56,983)	\$ (74,292)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report of the OPERS; which can be located at www.opers.ok.gov.

Note 9: Non-Current Liabilities

Non-current liability transactions for the year ended June 30, 2023, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities					
Net pension liability	\$ -	\$ 511,387	\$ -	\$ 511,387	\$ -
Total governmental activities	-	511,387	-	511,387	-
Business-Type activities					
Net pension liability	-	412	-	412	-
Total business-type activities	-	412	-	412	-
Total non-current liabilities	\$ -	\$ 511,799	\$ -	\$ 511,799	\$ -

South Western Oklahoma Development Authority

Notes to Financial Statements

June 30, 2023

Note 10: Risk Management

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

Note 11: Allocation of Indirect Costs

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

Note 12: Commitments and Contingencies

During the year ended June 30, 2023, the Authority awarded several REAP grants to cities and towns within its service area that have not expended as of June 30, 2023. Of the awarded grants totaling for 2021 REAP grants awarded totaling \$1,247,681, the balance of those funds unexpended at June 30, 2023 is \$133,095, for 2022 REAP grant awarded totaling \$1,470,125, the balance of those funds unexpended at June 30, 2023 is \$550,631 and 2023 REAP grant awarded totaling \$2,590,909, the balance of those funds unexpended at June 30, 2023 is \$1,917,546.

The remaining unexpended commitment from the Masonic Temple contribution is \$37,750 as of June 30, 2023.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability to the Authority. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

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

Other Supplementary Information

South Western Oklahoma Development Authority
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

Assets	CENA	Community Improvement Planning	Rural Fire Defense	SORTPO	SUPTR	COSSAP	HRSA	Total Other Government Funds
Cash	\$ (31,909)	\$ (134,457)	\$ (4,285)	\$ (25,939)	\$ 231,610	\$ (49,349)	\$ (62,416)	\$ (76,745)
Investments	-	-	-	-	-	-	-	-
Accounts receivable	31,909	23,000	8,121	29,436	95,834	52,505	69,506	310,311
Prepaid expense	-	-	-	-	-	-	-	-
Due from Other Fund	-	-	-	-	-	-	-	-
Total Assets	<u>-</u>	<u>(111,457)</u>	<u>3,836</u>	<u>3,497</u>	<u>327,444</u>	<u>3,156</u>	<u>7,090</u>	<u>233,566</u>
Liabilities								
Accounts payable and Accrued exp.	-	116	3,836	3,497	33,269	3,156	7,090	50,964
Due to other fund	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>116</u>	<u>3,836</u>	<u>3,497</u>	<u>33,269</u>	<u>3,156</u>	<u>7,090</u>	<u>50,964</u>
Fund Balance								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Assigned	-	(111,573)	-	-	294,175	-	-	182,602
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balance	<u>-</u>	<u>(111,573)</u>	<u>-</u>	<u>-</u>	<u>294,175</u>	<u>-</u>	<u>-</u>	<u>182,602</u>
Total Liabilities and Fund Balance	<u>\$ -</u>	<u>\$ (111,457)</u>	<u>\$ 3,836</u>	<u>\$ 3,497</u>	<u>\$ 327,444</u>	<u>\$ 3,156</u>	<u>\$ 7,090</u>	<u>\$ 233,566</u>

South Western Oklahoma Development Authority
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

Revenues	CENA	Community Improvement Planning	Rural Fire Defense	SORTPO	SUPTR	COSSAP	HRSA	Total Other Government Funds
Federal grants	\$ -	\$ -	\$ -	\$ 303,284	\$ -	\$ 127,785	\$ 196,115	\$ 627,184
State grants and appropriations	151,870	-	72,727	-	700,001	-	-	924,598
Local charges and services	-	-	375	-	-	-	-	375
Members' dues and Assessments	-	33,000	-	-	-	-	-	33,000
Interest revenue	-	-	-	-	-	-	-	-
Match revenue	-	-	16,347	35,353	-	-	-	51,700
Total Revenues	<u>151,870</u>	<u>33,000</u>	<u>89,449</u>	<u>338,637</u>	<u>700,001</u>	<u>127,785</u>	<u>196,115</u>	<u>1,636,857</u>
Expenses								
Salaries	4,131	5,297	46,359	98,915	150,650	24,848	74,628	404,828
Taxes and fringe benefits	1,678	2,385	21,576	38,258	72,036	11,689	28,447	176,069
Indirect costs	1,394	1,844	16,254	32,922	53,445	8,769	24,738	139,366
Travel	-	363	3,623	2,276	23,879	3,901	4,478	38,520
Other expense	390	7,303	1,637	13,416	258,303	78,578	63,824	423,451
Program costs	-	-	-	-	-	-	-	-
Pass-through grants	144,277	-	-	152,850	-	-	-	297,127
Capital Outlays	-	-	-	-	-	-	-	-
Total Expenses	<u>151,870</u>	<u>17,192</u>	<u>89,449</u>	<u>338,637</u>	<u>558,313</u>	<u>127,785</u>	<u>196,115</u>	<u>1,479,361</u>
Net Change in Fund Balances	-	15,808	-	-	141,688	-	-	157,496
Fund Balances, Beginning of Year	<u>-</u>	<u>(127,381)</u>	<u>-</u>	<u>-</u>	<u>152,487</u>	<u>-</u>	<u>-</u>	<u>25,106</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ (111,573)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 294,175</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,602</u>

South Western Oklahoma Development Authority
Combining Balance Sheet
Economic Development Funds
June 30, 2023

	Economic Development	Total ED Funds
Assets		
Cash	\$ (15,828)	\$ (15,828)
Investments	-	-
Accounts receivable	21,769	21,769
Prepaid expense	-	-
Due from Other Fund	-	-
Total Assets	5,941	5,941
Liabilities		
Accounts payable and accrued expense	5,941	5,941
Due to other fund	-	-
Unearned revenue	-	-
Total Liabilities	5,941	5,941
Fund Balance		
Nonspendable	-	-
Restricted	-	-
Assigned	-	-
Unassigned	-	-
Total Fund Balance	-	-
Total Liabilities and Fund Balance	\$ 5,941	\$ 5,941

South Western Oklahoma Development Authority
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Economic Development Funds
For the Year Ended June 30, 2023

	Economic Development	Total ED Funds
Revenues		
Federal grants	\$ 75,556	\$ 75,556
State grants and appropriations	-	-
Local charges and services	-	-
Members' dues and assessments	-	-
Interest revenue	-	-
Match revenue	34,846	34,846
Total Revenues	<u>110,402</u>	<u>110,402</u>
Expenses		
Salaries	58,981	58,981
Taxes and fringe benefits	23,851	23,851
Indirect costs	19,822	19,822
Travel	3,598	3,598
Other expense	4,150	4,150
Program costs	-	-
Pass-through grants	-	-
Total Expenses	<u>110,402</u>	<u>110,402</u>
Net Change in Fund Balances	-	-
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>

South Western Oklahoma Development Authority
 Schedule of Indirect Costs
 June 30, 2023

	Indirect Costs
Indirect salaries	\$ 201,852
Employee benefits	129,733
Indirect personnel costs	<u>331,585</u>
Building expense	52,212
Travel costs	21,816
Utilities and communications	-
Advertising and promotional	4,934
Supplies	12,536
Computer expenses	11,865
Professional services	24,125
Other expenses	<u>20,890</u>
Total Indirect Costs	<u>\$ 479,963</u>

Indirect costs were allocated at a rate of 24% throughout the year ending June 30, 2023.

Required Supplementary Information

South Western Oklahoma Development Authority
Schedule of Proportionate Share of the Net Pension Liability - Last 10 Fiscal Years*
For the Year Ended June 30, 2023

OPERS	<u>2023</u>	<u>2022</u>	<u>2021</u>
Authority's proportion of the net pension liability	0.06089%	0.06083%	0.05567%
Authority's proportionate share of the net pension liability	\$ 511,799	\$ (816,422)	\$ 492,238
Authority's covered-employee payroll	\$ 1,229,521	\$ 1,157,849	\$ 1,116,286
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	42%	-71%	44%
Plan fiduciary net position as a percentage of the total pension liability	92.24%	112.51%	91.59%

OPERS	<u>2020</u>	<u>2019</u>	<u>2018</u>
Authority's proportion of the net pension liability	0.05711%	0.06049%	0.06395%
Authority's proportionate share of the net pension liability	\$ 76,070	\$ 117,979	\$ 345,734
Authority's covered-employee payroll	\$ 1,012,268	\$ 995,942	\$ 1,005,034
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	8%	12%	34%
Plan fiduciary net position as a percentage of the total pension liability	98.63%	97.96%	94.28%

OPERS	<u>2017</u>
Authority's proportion of the net pension liability	0.06412%
Authority's proportionate share of the net pension liability	\$ 636,223
Authority's covered-employee payroll	\$ 1,152,965
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	55%
Plan fiduciary net position as a percentage of the total pension liability	96.00%

*Note - Only three fiscal years are presented because 10-year data is not available.

South Western Oklahoma Development Authority
 Schedule of Pension Contributions - Last 10 Fiscal Years*
 For the Year Ended June 30, 2023

OPERS	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 167,145	\$ 167,145	\$ 152,682
Contributions in relation to the contractually required contribution	167,145	167,145	152,682
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 1,229,521	\$ 1,157,849	\$ 1,116,286
Contributions as a percentage of covered-employee payroll	13.59%	14.44%	13.68%

OPERS	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 150,321	\$ 156,293	\$ 172,013
Contributions in relation to the contractually required contribution	150,321	156,293	172,013
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 1,012,268	\$ 995,942	\$ 1,005,034
Contributions as a percentage of covered-employee payroll	14.85%	15.69%	17.12%

OPERS	<u>2017</u>
Contractually required contribution	\$ 190,068
Contributions in relation to the contractually required contribution	190,068
Contribution deficiency (excess)	\$ -
Authority's covered-employee payroll	\$ 1,152,965
Contributions as a percentage of covered-employee payroll	16.49%

*Note - Only three fiscal years are presented because 10-year data is not available.

South Western Oklahoma Development Authority
Schedule of Proportionate Share of the Net OPEB Liability (Asset) - Last 10 Fiscal Years*
For the Year Ended June 30, 2023

OPERS	<u>2023</u>	<u>2022</u>	<u>2021</u>
Authority's proportion of the net OPEB liability (asset)	0.06089%	0.05567%	0.05567%
Authority's proportionate share of the net OPEB liability (asset)	\$ (56,983)	\$ (83,629)	\$ (26,101)
Authority's covered-employee payroll	\$ 1,229,521	\$ 1,157,849	\$ 1,116,286
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-4.63%	-7.22%	-2.34%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	130.01%	142.87%	114.27%

OPERS	<u>2020</u>	<u>2019</u>	<u>2018</u>
Authority's proportion of the net OPEB liability (asset)	0.05711%	0.06049%	0.06395%
Authority's proportionate share of the net OPEB liability (asset)	\$ (22,203)	\$ (7,827)	\$ 7,324
Authority's covered-employee payroll	\$ 1,116,286	\$ 1,012,268	\$ 995,942
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-1.99%	-0.77%	0.74%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	112.11%	103.94%	96.50%

*Note - Only three fiscal years are presented because 10-year data is not available.

South Western Oklahoma Development Authority
Schedule of OPEB Contributions - Last 10 Fiscal Years*
For the Year Ended June 30, 2023

OPERS	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 10,098	\$ 10,752	\$ 10,709
Contributions in relation to the contractually required contribution	10,098	10,752	10,709
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 1,229,521	\$ 1,157,849	\$ 1,116,286
Contributions as a percentage of covered-employee payroll	0.82%	0.93%	0.96%

OPERS	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 10,706	\$ 11,382	\$ 12,040
Contributions in relation to the contractually required contribution	10,706	11,382	12,040
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Authority's covered-employee payroll	\$ 1,012,268	\$ 995,942	\$ 1,005,034
Contributions as a percentage of covered-employee payroll	1.06%	1.14%	96.50%

*Note - Only three fiscal years are presented because 10-year data is not available.

**Reports Required by Government Auditing Standards
and Uniform Guidance**



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the South Western Oklahoma Development Authority, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise South Western Oklahoma Development Authority's basic financial statements and have issued our report thereon dated December 7, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Hick & Company, PC

Tulsa, Oklahoma
December 7, 2023





**HINKLE &
COMPANY**
Strategic PC
Business Advisors

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited South Western Oklahoma Development Authority's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of South Western Oklahoma Development Authority's major federal programs for the year ended June 30, 2023. 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.

In our opinion, South Western Oklahoma Development Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of South Western Oklahoma Development Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of South Western Oklahoma Development Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to South Western Oklahoma Development Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on South Western Oklahoma Development Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about South Western Oklahoma Development Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding South Western Oklahoma Development Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of South Western Oklahoma Development Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of South Western Oklahoma Development Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Hick & Company, PC

Tulsa, Oklahoma
December 7, 2023



South Western Oklahoma Development Authority
Schedule of Expenditures of Federal Awards
June 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
FEDERAL PROGRAMS				
<u>U.S. Department of Justice</u>				
Direct Program -				
COSSAP	16.838	15PBJA-21-GG-04585-COAP	\$ 127,785	\$ -
Total U.S. Department of Justice			<u>127,785</u>	<u>-</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		147,261	76,302
Area Agency on Aging Title III Part C	93.045		482,103	428,286
Area Agency on Aging NSIP (formerly USDA)	93.053		22,482	22,482
<i>Subtotal Aging Cluster</i>			<u>651,846</u>	<u>527,070</u>
<i>Other Programs</i>				
Area Agency on Aging Title III Part E	93.052		45,808	28,685
Area Agency on Aging Title VII	93.041		1,653	-
<i>Subtotal Other Programs</i>			<u>47,461</u>	<u>28,685</u>
Total U.S. Department of Health and Human Services			<u>699,307</u>	<u>555,755</u>
<u>U.S. Department of Transportation</u>				
Pass-Through Program From:				
Oklahoma Department of Transportation -				
Rural Transportation Planning FY21	20.205	SPRY0010(085), JP 01946(79)	72,790	72,790
Rural Transportation Planning FY23	20.205	SPRY0010(090), JP 01946(86)	106,620	5,898
Rural Transportation Planning FY22	20.205	SPRY0010(087), JP 01946(77)	114,851	74,162
Mobility Management Pilot Funds FY23	20.513	FTA5310-TP23(027), JP 36416(05)	9,023	-
Total U.S. Department of Transportation			<u>303,284</u>	<u>152,850</u>
<u>U.S. Health Resources & Services Administration</u>				
Direct Program -				
Rural Communities Opioid Response (Implementation)	93.912	1 GA1RH39599-01-00	196,115	-
			<u>196,115</u>	<u>-</u>
<u>U.S. Department of Commerce</u>				
Direct Program -				
Title II, Section 203 Planning Assistance: Continuation planning	11.302	ED17AUS3020015	39,270	-
Recovery Planning Grant	11.307	ED20AUS3070088	36,286	-
Total U.S. Department of Commerce			<u>75,556</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,402,047</u>	<u>\$ 708,605</u>

South Western Oklahoma Development Authority

Notes to Schedule of Expenditures of Federal Awards

June 30, 2023

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of South Western Oklahoma Development Authority for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of South Western Oklahoma Development Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of South Western Oklahoma Development Authority.

Note B: Summary of Significant Accounting Policies

1. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
2. The Authority has elected not to use the 10 percent de minimis cost rate allowed under Section 200.414(f) of the Uniform Guidance.

South Western Oklahoma Development Authority
Schedule of State Awards
June 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Pass-Through Entity Identifying Number	Expenditures
STATE PROGRAMS		
<u>Oklahoma Department of Commerce</u>		
Substate Planning District	17961 SS 23	\$ 13,636
Community Expansion of Nutritional Assistance	17995 CENA 23	151,870
Rural Economic Action Plans	17625 REAP 20	80,698
	17957 REAP 21	75,668
	18298 REAP 22	700,687
	18722 REAP 23	<u>777,857</u>
<i>Subtotal Oklahoma Department of Commerce programs</i>		<u>1,634,910</u>
Total Oklahoma Department of Commerce		<u>1,800,416</u>
<u>Oklahoma Department of Agriculture</u>		
Rural Fire Defense Program	FY 2023	<u>72,727</u>
Total Oklahoma Department of Agriculture		<u>72,727</u>
<u>Oklahoma Department of Human Services</u>		
<i>Area Agency on Aging Cluster</i>		
Area Agency on Aging Title III Part B	FY 2023	70,855
Area Agency on Aging Title III Part C	FY 2023	207,729
Area Agency on Aging Title III Part E	FY 2023	17,930
Area Agency on Aging Title VII	FY 2023	1,292
Area Agency on Aging HB 4466	FY 2023	<u>230,682</u>
Total Oklahoma Department of Human Services		<u>528,488</u>
<u>ADRC</u>	FY 2023	<u>9,750</u>
Total Expenditures of State Awards		<u>\$ 2,411,381</u>

South Western Oklahoma Development Authority
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Summary of Auditor's Results (Continued)

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

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

None to report for the June 30, 2023 period.

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

None to report for the June 30, 2023 period.

South Western Oklahoma Development Authority

Summary Schedule of Prior Audit Findings

June 30, 2023

Findings Required to be Reported by the Uniform Guidance

No matters are reportable.