

**Southern Oklahoma Development Association**

**Financial Statements**  
with Independent Auditor's Report

**June 30, 2023**



# Southern Oklahoma Development Association

## Table of Contents

June 30, 2023

<b>Independent Auditor’s Report</b> .....	1
<b>Management’s Discussion and Analysis</b> .....	i
<b>Basic Financial Statements</b>	
<i>Government-wide Financial Statements</i>	
Statement of Net Position .....	5
Statement of Activities .....	6
<i>Fund Financial Statements</i>	
Balance Sheet .....	7
Statement of Revenues, Expenditures and Changes in Fund Balance .....	8
Reconciliation of Governmental Funds and Government-wide Financial Statements .....	9
<i>Notes to Financial Statements</i> .....	10
<b>Other Supplementary Information</b>	
<i>Governmental Funds</i>	
Combining Balance Sheet - General Fund .....	19
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund .....	20
<i>Nonmajor Governmental Funds</i>	
Combining Balance Sheet .....	21
Combining Statement of Revenues, Expenditures and Changes in Fund Balance .....	23
<b>Reports Required by Government Auditing Standards</b>	
<i>Reports Required by Government Auditing Standards</i>	
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 <i>Government Auditing Standards</i> .....	25
<i>Reports Required by the Uniform Guidance</i>	
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 .....	27
Schedule of Expenditures of Federal Awards .....	30
Schedule of Expenditures of State Awards .....	31
Notes to Schedule of Expenditures of Federal Awards .....	32
Schedule of Findings and Questioned Costs .....	33
Summary Schedule of Prior Audit Findings .....	35



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Business Advisors

## Independent Auditor's Report

Board of Directors  
Southern Oklahoma Development Association  
Durant, Oklahoma

### Report on the Audit of the Financial Statements

#### ***Opinions***

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 Southern Oklahoma Development Association (SODA) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Southern Oklahoma Development Association'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 SODA 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 Opinions***

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 SODA 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***

SODA's management is responsible for the preparation and fair presentation of this 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.

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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 SODA'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 SODA'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 SODA'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 SODA'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 June 11, 2024, on our consideration SODA'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 SODA's internal control over financial reporting and compliance.

*Hike & Company, PC*

Tulsa, Oklahoma  
June 11, 2024



**Southern Oklahoma Development Association**  
Management's Discussion and Analysis  
June 30, 2023

**Southern Oklahoma Development Association**  
**List of Elected and Appointed Officials**  
**June 30, 2023**

Elected Officials

Joe McReynolds  
Kristi McElroy  
Cacy Cribbs

President  
Vice President  
Secretary/Treasurer

Appointed Officials

Steven C. Mills, Ph. D.  
Brenda McCarty  
Phillip Powell  
Joye Angel  
Patricia Jones

Executive Director  
Director of Finance & Administration  
Director of Fire Defense Services  
Director Area Agency on Aging  
Director Community & Economic Development

# Southern Oklahoma Development Association

## Management's Discussion and Analysis

### June 30, 2023

As management of Southern Oklahoma Development Association (SODA), we offer readers of SODA's financial statements this narrative overview and analysis of the financial activities of SODA for the year ended June 30, 2023. We encourage readers to consider the information presented here. The basic financial statements include government-wide financial statements and fund financial statements. For a further understanding of the difference between these financial statements, a detailed discussion is provided on pages 10 through 12.

#### Financial Highlights

With respect to the government-wide financial statements:

The assets of SODA exceeded its liabilities on June 30, 2023, by \$1,650,170 (*net assets*). Of this amount, \$1,145,562 (*unrestricted net assets*) may be used to meet the entity's ongoing obligations to citizens and creditors.

With respect to the fund financial statements:

As of June 30, 2023, SODA's governmental funds reported combined ending fund balances of \$1,188,514 an increase of \$51,546 from the prior year. The unassigned balance is *available for spending* at the entity's discretion (*unassigned fund balance*).

On June 30, 2023, unassigned fund balance for the general fund was \$1,185,751, or less than 21 percent of total general fund expenditures for the year.

#### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the entity's basic financial statements. SODA'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.

**Government-wide financial statements.** The *government-wide financial statements* include the statement of net assets and the statement of activities and are designed to provide readers with a broad overview of SODA's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of SODA's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of SODA is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the year ending June 30, 2023. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. 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., earned but unused vacation leave).



**Southern Oklahoma Development Association**  
Management's Discussion and Analysis  
June 30, 2023

The governmental activities of SODA include General Government, Rural Economic Action Plan, Aging Services, intergovernmental expenditures, and Economic Development. These functions are principally supported by intergovernmental revenues, grants and fees.

The government-wide financial statements can be found on pages 5-6 of this report.

**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. SODA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. SODA has only governmental funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* 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 near-term financing decisions. Both 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*.

SODA maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, REAP, and Area Agency on Aging (AAA) which are considered to be major funds. Data from the other twelve governmental funds are combined into an aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 7-8 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10-18 of this report.

**Other information.** The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining fund statements can be found on pages 19-24 of this report.

**Southern Oklahoma Development Association**  
Management's Discussion and Analysis  
June 30, 2023

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of SODA, assets exceeded liabilities by \$1,650,170 at the close of the most recent fiscal year. The comparison of net assets from year to year serves to measure financial position.

Government-wide Activities

	<u>2022</u>	<u>2023</u>
Current and other assets	\$3,840,282	\$ 4,579,149
Capital assets	<u>504,363</u>	<u>504,470</u>
Total assets	<u>\$4,344,645</u>	<u>\$ 5,083,619</u>
Current liabilities	2,703,311	3,390,635
Long-term liabilities	<u>38,580</u>	<u>42,814</u>
Total liabilities	<u>\$2,741,891</u>	<u>\$ 3,433,449</u>
Net Assets		
Invested in capital assets	504,363	504,470
Restricted by Grantors and Contributors	138	138
Unrestricted	<u>1,098,253</u>	<u>1,145,562</u>
Total net assets	<u>\$1,602,754</u>	<u>\$ 1,650,170</u>

**Governmental activities**

The following schedule compares revenues and expenses of SODA for the current and prior fiscal year. Total revenues increased more than 31% over last year. Approximately 95% of SODA's total revenues come from operating contributions and grants. Total expenses decreased less than 7% over last year.

Governmental Activities

	<u>2022</u>	<u>2023</u>
Revenues		
Program revenues:		
Charges for services	\$ 151,398	\$ 310,485
Operating grants and contributions	4,025,319	5,179,401
General revenues:		
Interest	10,900	10,401
Total revenues	<u>\$ 4,187,617</u>	<u>\$ 5,500,287</u>
Expenses:		
Total expenses	<u>\$ 4,193,020</u>	<u>\$5,452,871</u>
Increase (Decrease) in net assets	(5,400)	47,416
Net assets, beginning	<u>1,608,154</u>	<u>1,602,754</u>
Total net assets	<u>\$ 1,602,754</u>	<u>\$ 1,650,170</u>

**Southern Oklahoma Development Association**  
Management's Discussion and Analysis  
June 30, 2023

**Financial Analysis of SODA's Funds**

**Governmental funds.** The focus of SODA's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing SODA's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2023, SODA's governmental funds reported combined ending fund balances of \$1,188,514, an increase of \$51,546 in comparison with the prior year. Of this amount, \$1,188,376 is unrestricted fund balance, available for spending at the government's discretion within the purposes of the fund.

The general fund is the chief operating fund of SODA. On June 30, 2023, unassigned fund balance is \$1,185,751. The overall fund balance increased by \$48,921 over the prior year.

**Capital Assets**

SODA's investment in capital assets for its governmental activities as of June 30, 2023, was \$504,470. This investment includes land, buildings, improvements, equipment, and vehicles. The investment in capital assets increased \$107 due to net of disposals and depreciation.

**Requests for Information**

This financial report is designed to provide a general overview of SODA's finances for all those with an interest in the entity's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Director of Finance and Administration, P. O. Box 709, Durant, Oklahoma 74702-0709.

## **Basic Financial Statements**

**Southern Oklahoma Development Association**  
Statement of Net Position  
June 30, 2023

	<b>2023</b>
<b>Assets</b>	
Current Assets:	
Cash	\$ 3,063,944
Investments	300,000
Revenue receivable	1,186,030
Prepaid accounts	29,175
Total Current Assets	4,579,149
Noncurrent Assets:	
Capital assets, not being depreciated	37,930
Capital assets, being depreciated	466,540
Total Noncurrent Assets	504,470
Total Assets	\$ 5,083,619
<b>Liabilities</b>	
Current Liabilities:	
Accounts payable	\$ 670,189
Deferred revenue	2,720,446
Total Current Liabilities	3,390,635
Long Term Liabilities:	
Compensated Absences	42,814
Total Liabilities	3,433,449
<b>Net Position</b>	
Net Invested in capital assets	504,470
Restricted	138
Unrestricted	1,145,562
Total Net Position	\$ 1,650,170

**Southern Oklahoma Development Association**  
**Statement of Activities**  
For the Year Ended June 30, 2023

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenue (Expense) &amp; Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants &amp; Contributions</u>	<u>Governmental Activities</u>
<b>Primary Government</b>				
General government	\$ 253,085	\$ 218,415	\$ 75,727	\$ 41,057
Rural economic action plan	2,072,593	-	2,065,928	(6,665)
Aging services	2,342,650	24,841	2,317,809	-
Other	784,543	67,229	719,937	2,623
Total Government Activities	<u>\$ 5,452,871</u>	<u>\$ 310,485</u>	<u>\$ 5,179,401</u>	<u>37,015</u>
		<b>General Revenues</b>		
			Other Income	<u>10,401</u>
		<b>Change in Net Position</b>		47,416
		<b>Net Position - Beginning of Year</b>		<u>1,602,754</u>
		<b>Net Position - Ending of Year</b>		<u>\$ 1,650,170</u>

**Southern Oklahoma Development Association**  
**Governmental Funds Balance Sheet**  
June 30, 2023

	<u>General Fund</u>	<u>REAP</u>	<u>SUOA AAA</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash	\$ 450,622	\$ 2,418,958	\$ 117,676	\$ 76,688	\$ 3,063,944
Investments	300,000	-	-	-	300,000
Revenue receivable	39,325	227,273	711,596	207,836	1,186,030
Interfund receivables	409,644	-	-	-	409,644
Prepaid accounts	29,175	-	-	-	29,175
Total Assets	<u>\$ 1,228,766</u>	<u>\$ 2,646,231</u>	<u>\$ 829,272</u>	<u>\$ 284,524</u>	<u>\$ 4,988,793</u>
<b>Liabilities</b>					
Accounts payable and Accrued exp.	\$ 21,530	\$ 8,175	\$ 637,271	\$ 3,213	\$ 670,189
Interfund accounts payable	21,485	10,943	191,863	185,353	409,644
Deferred revenue	-	2,627,113	-	93,333	2,720,446
Total Liabilities	<u>43,015</u>	<u>2,646,231</u>	<u>829,134</u>	<u>281,899</u>	<u>3,800,279</u>
<b>Fund Balance</b>					
Restricted	-	-	138	-	138
Unassigned	1,185,751	-	-	2,625	1,188,376
Total Fund Balance	<u>1,185,751</u>	<u>-</u>	<u>138</u>	<u>2,625</u>	<u>1,188,514</u>
Total Liabilities and Fund Balance	<u>\$ 1,228,766</u>	<u>\$ 2,646,231</u>	<u>\$ 829,272</u>	<u>\$ 284,524</u>	<u>\$ 4,988,793</u>

**Southern Oklahoma Development Association**  
**Governmental Funds Statement of Revenues, Expenditures**  
**And Changes in Fund Balance**  
**For the Year Ended June 30, 2023**

	General Fund	REAP	SUOA AAA	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Federal grants	\$ -	\$ -	\$ 1,303,748	\$ 196,323	\$ 1,500,071
State grants and appropriations	-	2,063,428	1,014,061	429,764	3,507,253
Other grant revenue	72,727	2,500	-	93,501	168,728
Members' dues and Assessments	59,433	-	-	-	59,433
Interest revenue	3,736	6,665	-	-	10,401
Donation revenue	3,000	-	-	350	3,350
Match revenue	-	-	24,841	47,579	72,420
Service revenue	142,155	-	-	-	142,155
Miscellaneous revenue	12,276	-	-	19,650	31,926
Sale of assets	4,551	-	-	-	4,551
<b>Total Revenues</b>	<u>297,878</u>	<u>2,072,593</u>	<u>2,342,650</u>	<u>787,167</u>	<u>5,500,288</u>
<b>Expenses</b>					
Current:					
Salaries	194,360	60,164	142,554	219,084	616,162
Fringe benefits	49,950	21,037	49,048	72,988	193,023
Repairs and maintenance	52,840	8,234	17,636	13,284	91,994
Transportation	16,214	975	17,816	20,499	55,504
Rent and utilities	6,673	2,041	5,822	5,881	20,417
Supplies	9,322	3,031	6,971	3,773	23,097
Pass-through expenditures	-	1,929,565	2,019,552	257,504	4,206,621
Other expenses	88,710	23,196	25,768	104,250	241,924
Capital outlays	-	-	-	-	-
Indirect costs	(169,469)	24,362	57,483	87,624	-
<b>Total Expenses</b>	<u>248,600</u>	<u>2,072,605</u>	<u>2,342,650</u>	<u>784,887</u>	<u>5,448,742</u>
Excess (Deficiency) of revenues: Over (Under) expenditures	<u>49,278</u>	<u>(12)</u>	<u>-</u>	<u>2,280</u>	<u>51,546</u>
Other Financing Sources:					
Transfers in	(193,913)	(12)	-	(695)	(194,620)
Transfers out	194,270	-	-	350	194,620
<b>Total Other Financing Sources</b>	<u>357</u>	<u>(12)</u>	<u>-</u>	<u>(345)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	48,921	-	-	2,625	51,546
<b>Fund Balance, Beginning of Year</b>	<u>1,136,830</u>	<u>-</u>	<u>138</u>	<u>-</u>	<u>1,136,968</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,185,751</u>	<u>\$ -</u>	<u>\$ 138</u>	<u>\$ 2,625</u>	<u>\$ 1,188,514</u>

See Notes to the Financial Statements.



**Southern Oklahoma Development Association**  
**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 \$ 1,188,514

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

Capital assets, net of accumulated depreciation 504,470

Long-term liabilities are not due and payable in the  
Current period and therefore, are not reported as liabilities in  
the funds. Long-term liabilities consist of:

Compensated absences (42,814)

Net assets of governmental activities \$ 1,650,170

**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 \$ 51,546

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 39,006

Depreciation expense (36,807)

Loss on disposal of assets (2,092)

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

Compensated absences, net change (4,237)

Change in Net Assets - governmental activities \$ 47,416

# Southern Oklahoma Development Association

Notes to Financial Statements

June 30, 2023

## Note 1: Summary of Significant Accounting Policies

### **The Reporting Entity**

The Southern Oklahoma Development Association (SODA) was established on November 19, 1957, upon its adoption of a set of by-laws and articles of incorporation. On February 21, 1967, it was formally designated as the second Economic Development District in Washington D.C. On December 30, 1969, it was further designated as a regional clearinghouse pursuant to OMB Circular No. A-95 by the Economic Development Administration in Washington D.C. On May 21, 1971, it was designated as a Sub-State Planning District of the State of Oklahoma by Executive Order under Senate Bill 290 of the 1969 Legislature and Section 74 O.S.1971 Sections 1001-1008 (Inter-local Cooperation Act) of State law.

In evaluating how to define SODA for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting is made by applying the criteria set forth in GASB Statement 14. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether SODA is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in SODA's reporting entity.

### **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 the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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, as well as expenditures related to compensated absences, are recorded only when payment is due.

# Southern Oklahoma Development Association

Notes to Financial Statements

June 30, 2023

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

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

Southern Oklahoma Development Association reports the following major governmental funds:

*General Fund* - The General Fund is Southern Oklahoma Development Association's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

*Area Agency on Aging Fund* - The Area Agency on Aging fund is a special revenue fund to provide senior citizens in the ten-county region with services such as nutrition, transportation, legal counsel, family care giver support program, etc. This fund receives state and federal grants.

*Rural Economic Action Plan Fund* - The Rural Economic Action Plan Fund is a special revenue fund which accounts for grant funding to improve economic development in a ten-county area.

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, and 2) operating grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

### **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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in each fund-type financial statements.

# Southern Oklahoma Development Association

Notes to Financial Statements

June 30, 2023

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

### Deposits and Investments

SODA's cash is 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.

SODA has a written investment policy that limits its investment choices to those limitations stated in the *Oklahoma Statutes*. *Oklahoma Statutes* allow investment in bonds of cities, school districts, or counties within the State of Oklahoma; public trust bonds whose beneficiary is a county, municipality or school district, except industrial development bonds; direct obligations of the United States; and certificates of deposit.

Investments for SODA are reported at cost, which approximates fair value.

### Receivables and Payables

Activities 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). All other outstanding balances between funds are reported as due to/from other funds.

### Capital Assets

Capital assets, which include land, construction in progress, vehicles and trailers, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment of the primary government, is depreciated using the straight-line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Vehicles and trailers	5
Equipment	5
Buildings	39
Building Improvements	20

# Southern Oklahoma Development Association

## Notes to Financial Statements

June 30, 2023

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

#### **Deferred Revenue**

Deferred revenue consists of Rural Economic Action Plan (REAP) monies awarded from the State of Oklahoma to SODA on a fiscal year basis. SODA subsequently awards grants to qualified entities over a three-year period, resulting in deferred revenue until contracts are fulfilled.

#### **Compensated Absences**

It is SODA's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since SODA does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when earned by the employee. The amount estimated to be used in subsequent fiscal years is reported as a general long-term obligation in the government-wide statement of net position.

#### **Governmental Fund Balances**

*Fund balance classification* - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the entity is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

*Nonspendable* - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. As of June 30, 2023, SODA does not have nonspendable restricted resources.

*Restricted* - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal ordinance or resolution of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. SODA did not have any committed resources as of June 30, 2023.

*Assigned* - This classification includes amounts that are constrained by SODA's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board delegating this responsibility to the manager through the budgetary process. SODA did not have any assigned resources as of June 30, 2023.

# Southern Oklahoma Development Association

Notes to Financial Statements

June 30, 2023

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

### Governmental Fund Balances (Continued)

*Unassigned* - This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

SODA would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, SODA considers restricted funds to have been spent first.

The constraints placed on fund balance as of June 30, 2023, are as follows:

	<u>General Fund</u>	<u>Nonmajor</u>	<u>Total</u>
Unassigned	\$ 1,185,889	\$ 2,625	\$ 1,188,514
	<u>\$ 1,185,889</u>	<u>\$ 2,625</u>	<u>\$ 1,188,514</u>

### Government-Wide Net Position

Government-wide net position are divided into three components:

- Net investment in capital assets - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net position - consist of net position that are restricted by creditors, by the state enabling legislation, by grantors (both federal and state), and by other contributors.
- Unrestricted - all other net position are reported in this category.

### Subsequent Events

Management has evaluated subsequent events through June 11, 2024, the date which the financial statements were available to be issued.

# Southern Oklahoma Development Association

## Notes to Financial Statements

June 30, 2023

### Note 2: Deposits and Investments

Custodial Credit Risk - Custodial credit risk for deposits is the risk that in the event of a bank failure, the SODA's deposits may not be returned or that SODA will not be able to recover collateral securities in the possession of an outside party. The SODA's policy requires collateral for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. As of June 30, 2023, SODA is not exposed to custodial credit risk.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. SODA's investment policies are governed by Oklahoma Statutes. Permissible investments include direct obligations of the United States government and agencies; certificates of deposit of savings and loan SODA, and bank and trust companies; and savings accounts or savings certificates of savings and loan SODA and bank and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal depository insurance.

As of June 30, 2023, SODA had the following investments:

Certificates of Deposits	Maturities	Fair Value
Ameristate	1 Year	\$ 100,000
Vision Bank	3 Year	200,000
Total		<u>\$ 300,000</u>

### Note 3: Revenue Receivable

Receivables as of June 30, 2023 for the SODA's individual major funds and nonmajor governmental funds in the aggregate, are as follows:

	General Fund	REAP	SUOA AAA	Other Governmental Funds	Total
Receivables from State and Fed	\$ -	\$ 227,273	\$ 711,596	\$ 207,836	\$ 1,146,705
Other	<u>39,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,325</u>
Total receivables	<u>\$ 39,325</u>	<u>\$ 227,273</u>	<u>\$ 711,596</u>	<u>\$ 207,836</u>	<u>\$ 1,186,030</u>

# Southern Oklahoma Development Association

## Notes to Financial Statements

June 30, 2023

### Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$ 37,930	-	-	37,930
Total capital assets, not being depreciated	<u>37,930</u>	<u>-</u>	<u>-</u>	<u>37,930</u>
Capital assets, being depreciated:				
Equipment	\$ 111,797	\$ 9,244	\$ -	\$ 121,041
Buildings	470,393	-	-	470,393
Improvements	49,669	-	-	49,669
Vehicles	78,631	29,762	(20,916)	87,477
Total capital assets, being depreciated	<u>710,490</u>	<u>39,006</u>	<u>(20,916)</u>	<u>728,580</u>
Less Accumulated Depreciation	<u>(244,057)</u>	<u>(36,807)</u>	<u>18,824</u>	<u>(262,040)</u>
Total capital assets, being depreciated, net	<u>466,433</u>	<u>2,199</u>	<u>(2,092)</u>	<u>466,540</u>
Governmental activities capital assets, net	<u>\$ 504,363</u>	<u>\$ 2,199</u>	<u>\$ (2,092)</u>	<u>\$ 504,470</u>

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

<b>Governmental activities</b>	
General government	\$ 36,807
Total depreciation expense - governmental activities	<u>\$ 36,807</u>



# Southern Oklahoma Development Association

## Notes to Financial Statements

June 30, 2023

### Note 5: Interfund Receivables and Payables

#### Interfund Transfers

Operating transfers In/Out to other funds consists of the following:

	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ 193,913	\$ 194,270
Reap Administration	12	-
MIPPA	685	-
Nursing Home Provider	10	-
Red River Valley	-	350
Total	\$ 194,620	\$ 194,620

SODA uses interfund transfers to balance expenses and receipts between its various grant funds throughout the year due to timing of grant payments and expenses for each fund. Interfund receivable and payables as of June 30, 2023 were as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	SUOA AAA	\$ 191,864
	REAP	10,943
	OID SHIP	2,047
	CENA	31,068
	OID SMP	985
	MIPPA	994
	Nursing Home Provider Fee	120,661
	ODOC SSPD	1,069
	EDA Cares Act	17,253
	South Central Regional Transp.	11,275
	OARC Fire Defense	21,485
		\$ 409,644

# Southern Oklahoma Development Association

## Notes to Financial Statements

June 30, 2023

### Note 6: Long-Term Obligations

Long-term liabilities activity for the year ending June 30, 2023 is as follows:

	Beginning			Ending		Due
	Balance 6/30/22	Additions	Used	Balance 6/30/23	within one	
Compensated Absences	\$ 38,580	\$ 4,234	\$ -	\$ 42,814	\$ -	
	<u>\$ 38,580</u>	<u>\$ 4,234</u>	<u>\$ -</u>	<u>\$ 42,814</u>	<u>\$ -</u>	

For governmental activities, compensated absences are liquidated by the general fund.

### Note 7: Retirement Plans

SODA, as an employer contributes to a 403(b) defined contribution plan for each qualified employee at the rate of 5% of gross annual wages. The plan is administered by July Business Services. The employee is not required to contribute to the plan. A qualified employee must be employed a minimum of six months. Total contribution for the year ended June 30, 2023 was \$28,186.

### Note 8: Economic Dependency

SODA receives a significant portion of its revenue from funds provided through federal and state grants. The grant amounts are appropriated each year by the federal and/or state level, and the amount of the funds SODA receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds expected to be received in the next fiscal year.

### Note 9: Risk Management

SODA is exposed to various risks of loss (torts, theft of, damage to, or destruction of assets, business interruptions, errors and omissions, job-related illnesses or injuries to employees, and acts of God) and has established a risk management strategy that attempts to minimize losses and the carrying cost of insurance. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded coverage in the past three years.

## **Other Supplementary Information**

**Southern Oklahoma Development Association**  
Combining Balance Sheet  
General Fund  
For the Year Ended June 30, 2023

	<u>General Fund</u>	<u>Aging &amp; Fund Raising</u>	<u>Planning &amp; Development</u>	<u>OARC Fire Defense</u>	<u>General Fund Total</u>
<b>ASSETS</b>					
Cash	\$ 450,045	\$ 6,517	\$ (5,940)	\$ -	\$ 450,622
Investments	300,000	-	-	-	300,000
Revenue receivable	976	-	29,628	8,721	39,325
Interfund receivables	409,644	-	-	-	409,644
Prepaid accounts	29,164	-	-	11	29,175
Total Assets	<u>1,189,829</u>	<u>6,517</u>	<u>23,688</u>	<u>8,732</u>	<u>1,228,766</u>
<b>LIABILITIES</b>					
Accounts payable and Accrued exp.	20,714	-	437	379	21,530
Interfund accounts payable	-	-	-	21,485	21,485
Deferred revenue	-	-	-	-	-
Total liabilities	<u>20,714</u>	<u>-</u>	<u>437</u>	<u>21,864</u>	<u>43,015</u>
<b>Fund Balance</b>					
Restricted	-	-	-	-	-
Unassigned	1,169,115	6,517	23,251	(13,132)	1,185,751
Total Fund Balance	<u>1,169,115</u>	<u>6,517</u>	<u>23,251</u>	<u>(13,132)</u>	<u>1,185,751</u>
Total Liabilities and Fund Balance	<u>\$ 1,189,829</u>	<u>\$ 6,517</u>	<u>\$ 23,688</u>	<u>\$ 8,732</u>	<u>\$ 1,228,766</u>

**Southern Oklahoma Development Association**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
General Fund  
For the Year Ended June 30, 2023

<b>Revenues</b>	<b>General Fund</b>	<b>Aging &amp; Fund Raising</b>	<b>Planning &amp; Development</b>	<b>OARC Fire Defense</b>	<b>General Fund Total</b>
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -
State grants and appropriations	-	-	-	-	-
Other grant revenue	-	-	-	72,727	72,727
Members' dues and Assessments	59,433	-	-	-	59,433
Interest revenue	3,736	-	-	-	3,736
Donation revenue	-	3,000	-	-	3,000
Match revenue	-	-	-	-	-
Service revenue	-	-	132,705	9,450	142,155
Miscellaneous revenue	12,276	-	-	-	12,276
Sale of assets	4,551	-	-	-	4,551
<b>Total Revenues</b>	<u>79,996</u>	<u>3,000</u>	<u>132,705</u>	<u>82,177</u>	<u>297,878</u>
<b>Expenses</b>					
Current:					
Salaries	147,399	-	2,861	44,100	194,360
Fringe benefits	34,691	-	1,057	14,202	49,950
Repairs and maintenance	45,713	-	5,002	2,125	52,840
Transportation	8,734	-	4,041	3,439	16,214
Rent and utilities	3,420	-	2,544	709	6,673
Supplies	7,913	-	1,151	258	9,322
Pass-through expenditures	-	-	-	-	-
Other expenses	77,053	1,457	8,643	1,557	88,710
Capital outlays	-	-	-	-	-
Indirect costs	(188,132)	-	1,172	17,491	(169,469)
<b>Total Expenses</b>	<u>136,791</u>	<u>1,457</u>	<u>26,471</u>	<u>83,881</u>	<u>248,600</u>
Excess (Deficiency) of revenues:					
Over (Under) expenditures	<u>(56,795)</u>	<u>1,543</u>	<u>106,234</u>	<u>(1,704)</u>	<u>49,278</u>
Other Financing Sources:					
Transfers in	(189,058)	-	-	(4,855)	(193,913)
Transfers out	21,993	-	172,277	-	194,270
<b>Total Other Financing Sources</b>	<u>(167,065)</u>	<u>-</u>	<u>172,277</u>	<u>(4,855)</u>	<u>357</u>
<b>Net Change in Fund Balances</b>	110,270	1,543	(66,043)	3,151	48,921
<b>Fund Balance, Beginning of Year</b>	<u>1,148,139</u>	<u>4,974</u>	<u>-</u>	<u>(16,283)</u>	<u>1,136,830</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,258,409</u>	<u>\$ 6,517</u>	<u>\$ (66,043)</u>	<u>\$ (13,132)</u>	<u>\$ 1,185,751</u>

**Southern Oklahoma Development Association**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2023

	OID SHIP	O4A Fund	CENA	Dental Van	OID SMP	MIPPA	Nursing Home Provider Fee
<b>Assets</b>							
Cash	\$ -	\$ 34,046	\$ -	\$ 22,500	\$ -	\$ -	\$ -
Revenue receivables	2,083	-	48,805	-	1,000	1,146	124,563
Total Assets	<u>\$ 2,083</u>	<u>\$ 34,046</u>	<u>\$ 48,805</u>	<u>\$ 22,500</u>	<u>\$ 1,000</u>	<u>\$ 1,146</u>	<u>\$ 124,563</u>
<b>Liabilities</b>							
Accounts payable and Accrued exp.	\$ 36	\$ 945	\$ 5	\$ -	\$ 15	\$ 152	\$ 1,277
Interfund payable	2,047	-	31,068	-	985	994	120,661
Deferred revenue	-	33,101	17,732	22,500	-	-	-
Total Liabilities	<u>2,083</u>	<u>34,046</u>	<u>48,805</u>	<u>22,500</u>	<u>1,000</u>	<u>1,146</u>	<u>121,938</u>
<b>Fund Balance</b>							
Restricted	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	2,625
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,625.00</u>
Total Liabilities and Fund Balance	<u>\$ 2,083</u>	<u>\$ 34,046</u>	<u>\$ 48,805</u>	<u>\$ 22,500</u>	<u>\$ 1,000</u>	<u>\$ 1,146</u>	<u>\$ 124,563</u>

(Continued)

**Southern Oklahoma Development Association**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2023  
(Continued)

<b>Assets</b>	<u>ODOC SSPD</u>	<u>EDA Building</u>	<u>USDOC EDA</u>	<u>EDA Cares Act</u>	<u>South Central Regional Transp.</u>	<u>Mobility Management</u>	<u>Red River Valley</u>	<u>Total Other Government Funds</u>
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,142	\$ -	\$ 76,688
Revenue receivables	1,127	-	17,500	-	11,612	-	-	207,836
Total Assets	<u>\$ 1,127</u>	<u>\$ -</u>	<u>\$ 17,500</u>	<u>\$ -</u>	<u>\$ 11,612</u>	<u>\$ 20,142</u>	<u>\$ -</u>	<u>\$ 284,524</u>
<b>Liabilities</b>								
Accounts payable and Accrued exp.	\$ 58	\$ -	\$ 247	\$ -	\$ 336	\$ 142	\$ -	\$ 3,213
Interfund payable	1,069	-	17,253	-	11,276	-	-	185,353
Deferred revenue	-	-	-	-	-	20,000	-	93,333
Total Liabilities	<u>1,127</u>	<u>-</u>	<u>17,500</u>	<u>-</u>	<u>11,612</u>	<u>20,142</u>	<u>-</u>	<u>281,899</u>
<b>Fund Balance</b>								
Restricted	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	2,625
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,625</u>
Total Liabilities and Fund Balance	<u>\$ 1,127</u>	<u>\$ -</u>	<u>\$ 17,500</u>	<u>\$ -</u>	<u>\$ 11,612</u>	<u>\$ 20,142</u>	<u>\$ -</u>	<u>\$ 284,524</u>

**Southern Oklahoma Development Association**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2023

Revenues	OID SHIP	O4A Fund	CENA	Dental Van	OID SMP	MIPPA	Nursing Home Provider Fee
Federal grants	\$ 25,000	\$ -	\$ -	\$ -	\$ 7,875	\$ 13,960	\$ -
State grants and appropriations	-	-	250,373	-	-	-	165,754
Other grant revenue	-	81,001	-	12,500	-	-	-
Members' dues and assessments	-	-	-	-	-	-	-
Interest revenue	-	-	-	-	-	-	-
Donation revenue	-	-	-	-	-	-	-
Match revenue	-	-	-	-	-	-	-
Service revenue	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-	-
Sale of assets	-	-	-	-	-	-	-
Total Revenues	<u>25,000</u>	<u>81,001</u>	<u>250,373</u>	<u>12,500</u>	<u>7,875</u>	<u>13,960</u>	<u>165,754</u>
<b>Expenses</b>							
Current							
Salaries	13,238	-	5,155	-	4,309	3,880	78,600
Fringe benefits	5,140	-	1,653	-	1,656	1,501	27,077
Repairs and maintenance	331	58	1,495	-	40	2,441	2,145
Transportation	400	-	124	-	-	635	16,445
Rent and utilities	220	-	16	-	-	1,472	2,715
Supplies	237	-	98	-	20	529	658
Pass-through expenditures	-	-	237,854	-	-	-	-
Other expenses	173	80,943	1,683	12,500	60	2,573	3,795
Capital outlays	-	-	-	-	-	-	-
Indirect costs	5,261	-	2,295	-	1,790	1,614	31,704
Total Expenses	<u>25,000</u>	<u>81,001</u>	<u>250,373</u>	<u>12,500</u>	<u>7,875</u>	<u>14,645</u>	<u>163,139</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	(685)	2,615
Other Financing Sources							
Transfers in	-	-	-	-	-	(685)	(10)
Transfers out	-	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(685)</u>	<u>(10)</u>
<b>Net Change in Fund Balances</b>	-	-	-	-	-	-	2,625
<b>Fund Balances, Beginning of Year</b>	-	-	-	-	-	-	-
<b>Fund Balances, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,625</u>

(Continued)



**Southern Oklahoma Development Association**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2023  
(Continued)

Revenues	ODOC SSPD	EDA Building	USDOC EDA	EDA Cares Act	South Central	Mobility Management	Red River Valley	Other Funds Total
					Regional Transp.			
Federal grants	\$ -	\$ -	\$ 70,000	\$ 9,172	\$ 70,316	\$ -	\$ -	\$ 196,323
State grants and appropriations	13,637	-	-	-	-	-	-	429,764
Other grant revenue	-	-	-	-	-	-	-	93,501
Members' dues and assessments	-	-	-	-	-	-	-	-
Interest revenue	-	-	-	-	-	-	-	-
Donation revenue	-	-	-	-	-	-	350	350
Match revenue	-	-	30,000	-	17,579	-	-	47,579
Service revenue	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-	19,650	19,650
Sale of assets	-	-	-	-	-	-	-	-
Total Revenues	<u>13,637</u>	<u>-</u>	<u>100,000</u>	<u>9,172</u>	<u>87,895</u>	<u>-</u>	<u>20,000</u>	<u>787,167</u>
<b>Expenses</b>								
Current								
Salaries	7,911	-	58,141	971	46,879	-	-	219,084
Fringe benefits	2,525	-	18,289	1,009	14,138	-	-	72,988
Repairs and maintenance	10	-	-	4,861	1,903	-	-	13,284
Transportation	-	-	-	29	2,866	-	-	20,499
Rent and utilities	-	-	-	-	1,458	-	-	5,881
Supplies	-	-	-	1,559	672	-	-	3,773
Pass-through expenditures	-	-	-	-	-	-	19,650	257,504
Other expenses	61	-	640	150	1,672	-	-	104,250
Capital outlays	-	-	-	-	-	-	-	-
Indirect costs	3,130	-	22,930	593	18,307	-	-	87,624
Total Expenses	<u>13,637</u>	<u>-</u>	<u>100,000</u>	<u>9,172</u>	<u>87,895</u>	<u>-</u>	<u>19,650</u>	<u>784,887</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-	350	2,280
Other Financing Sources								
Transfers in	-	-	-	-	-	-	-	(695)
Transfers out	-	-	-	-	-	-	350	350
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>350</u>	<u>(345)</u>
<b>Net Change in Fund Balances</b>	-	-	-	-	-	-	-	2,625
<b>Fund Balances, Beginning of Year</b>	-	-	-	-	-	-	-	-
<b>Fund Balances, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,625</u>

## **Reports Required by Government Auditing Standards**



**HINKLE &  
COMPANY**  
Strategic PC  
Business Advisors

**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 Directors  
Southern Oklahoma Development Association  
Durant, 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 Southern Oklahoma Development Association (SODA), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Southern Oklahoma Development Association's basic financial statements and have issued our report thereon dated June 11, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered SODA'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 SODA's internal control. Accordingly, we do not express an opinion on the effectiveness of SODA'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 SODA'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  
June 11, 2024





## **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 Directors  
Southern Oklahoma Development Association  
Durant, Oklahoma

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

We have audited the Southern Oklahoma Development Association'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 Southern Oklahoma Development Association's major federal programs for the year ended June 30, 2023. Southern Oklahoma Development Association'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, Southern Oklahoma Development Association 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 Southern Oklahoma Development Association 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 Southern Oklahoma Development Association'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 Southern Oklahoma Development Association'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 Southern Oklahoma Development Association'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 Southern Oklahoma Development Association'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 Southern Oklahoma Development Association'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 Southern Oklahoma Development Association'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 Southern Oklahoma Development Association'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  
June 11, 2024



**Southern Oklahoma Development Association**  
**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
<b>FEDERAL PROGRAMS</b>				
<u>U.S. Department of Commerce direct programs:</u>				
Economic Development District Planning Investment	11.302	ED20AUS3020011	\$ 70,000	\$ -
EDA-2 Cares Act	11.302	ED20AUS3070087	9,172	-
Subtotal Department of Commerce direct programs			<u>79,172</u>	<u>-</u>
<u>Oklahoma Department of Transportation</u>				
Highway Planning and Construction	20.205	SPRY-0010(90)PL	17,361	-
Highway Planning and Construction	20.205	SPRY-0010(90)PL	52,955	-
Subtotal Department of Transportation			<u>70,316</u>	<u>-</u>
U.S Department of Health and Human Services				
<u>Oklahoma Insurance Department</u>				
Administration for Community Living Grant				
Medicare Improvement for Patients and Providers Act (MIPPA)	93.071	2001OKMISH-00	2,500	-
Medicare Improvement for Patients and Providers Act (MIPPA)	93.071	2001OKMISH-00	11,460	-
			<u>13,960</u>	<u>-</u>
Administration for Community Living Grant				
Senior Medicare Patrol (SMP)	93.048	90MPP0048-05-00	6,875	-
Senior Medicare Patrol (SMP)	93.048	90MPPG072-01-00	1,000	-
			<u>7,875</u>	<u>-</u>
Administration for Community Living Grant				
State Health Insurance Assistance Program (SHIP)	93.324	90SAPG0086-003-00	18,751	-
State Health Insurance Assistance Program (SHIP)	93.324	90SAPG0086-004-00	6,249	-
			<u>25,000</u>	<u>-</u>
Subtotal Oklahoma Insurance Department			<u>46,835</u>	<u>-</u>
Total Other Federal Awards			<u>196,323</u>	<u>-</u>
<u>Oklahoma Department of Human Services - ARPA</u>				
National Family Caregiver Support - Title III part E	93.052	34073004	6,585	-
Total Department of Human Services - ARPA			<u>6,585</u>	<u>-</u>
<u>Aging Cluster</u>				
Grants for Supportive Services and Senior Centers - Title III part B	93.044	34073004	44,367	-
Nutrition Services - Title III part C -1	93.045	34073004	13,139	-
Nutrition Services - Title III part C -2	93.045	34073004	8,498	-
Total Aging Cluster			<u>66,004</u>	<u>-</u>
Subtotal U.S. Department of Health and Human Services-ARPA			<u>72,589</u>	<u>-</u>
<u>Oklahoma Department of Human Services - Aging Services Division</u>				
Disease Prevention and Health Promotion Services - Title III part D	93.043	34073004	9,639	9,639
National Family Caregiver Support - Title III part E	93.052	34073004	67,112	53,890
Programs for Prevention of Elder Abuse, Neglect, and Exploitation- Title VII, chapter 3	93.041	34073004	6,100	-
Total Department of Human Services - Aging Services Division			<u>82,851</u>	<u>63,529</u>
<u>Aging Cluster</u>				
Grants for Supportive Services and Senior Centers - Title III part B	93.044	34073004	314,183	226,897
Nutrition Services - Title III part C -1	93.045	34073004	413,804	416,703
Nutrition Services - Title III part C -2	93.045	34073004	348,238	291,212
Nutrition Services Incentive Program - Cash in Lieu of Commodity	93.053	34073004	72,083	72,082
Total Aging Cluster			<u>1,148,308</u>	<u>1,006,894</u>
Total AAA/ARPA Awards			<u>1,231,159</u>	<u>1,070,423</u>
Total Expenditures of Federal Awards			<u>\$ 1,500,071</u>	<u>\$ 1,070,423</u>

See Notes to the Schedule of Federal Expenditures Awards.



**Southern Oklahoma Development Association**  
Schedule of Expenditures of State Awards  
June 30, 2023

State Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Expenditures	Subrecipient Expenditures
<b>STATE PROGRAMS</b>			
<u>Oklahoma Department of Human Services - ARPA</u>			
Grants for Supportive Services and Senior Centers - Title III part B	34073004	\$ 6,604	\$ -
Nutrition Services - Title III part C -1	34073004	3,973	-
Nutrition Services - Title III part C -2	34073004	2,496	-
National Family Caregiver Support - Title III part E	34073004	1,640	-
Subtotal Oklahoma Department of Human Services - ARPA		14,713	-
<u>Oklahoma Department of Human Services - Aging Services Division</u>			
Medicare Improvements for Patients and Providers Act Grant			
Programs for Prevention of Elder Abuse, Neglect, and Exploitation- Title VII, chapter 3	34073004	4,784	-
Grants for Supportive Services and Senior Centers - Title III part B	34073004	73,791	43,470
Nutrition Services - Title III part C -1	34073004	382,734	366,187
Nutrition Services - Title III part C -2	34073004	530,142	521,509
National Family Caregiver Support - Title III part E	34073004	23,660	17,963
Subtotal Oklahoma Department of Human Services - AAA		1,015,111	949,129
<u>Oklahoma Department of Commerce - Rural Economic Action Plan (REAP)</u>			
REAP - Other	REAP OTHER	6,665	-
Reap Administration	REAP ADMIN	136,364	-
REAP - 2020	REAP 2020	44,759	44,759
REAP - 2021	REAP 2021	241,917	241,917
REAP - 2022	REAP 2022	1,023,717	1,023,777
REAP - 2023	REAP 2023	616,611	616,611
CENA		250,373	237,854
SSPD		13,636	-
		2,334,042	2,164,918
<u>Oklahoma Department of Human Services - NHFP</u>			
Nursing Home Provider Fee		163,129	-
		163,129	-
<u>Total Oklahoma Department of Human Services - AAA</u>		3,526,995	3,114,047
Total Expenditures of State Awards		\$ 3,526,995	\$ 3,114,047

# Southern Oklahoma Development Association

## 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 Southern Oklahoma Development Association 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 Southern Oklahoma Development Association, it is not intended to and does not present the financial position, changes in net position, or cash flows of Southern Oklahoma Development Association.

### **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, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
2. Southern Oklahoma Development Association has elected not to use the 10 percent *de minimis* cost rate allowed under Section 200.414(f) of the Uniform Guidance.



# **Southern Oklahoma Development Association**

Schedule of Findings and Questioned Costs

June 30, 2023

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

No matters are reported.

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

No matters are reported.

**Southern Oklahoma Development Association**  
Summary Schedule of Prior Audit Findings  
June 30, 2023

**Prior Period - Findings Required to be Reported by Government Auditing Standards**

No matters are reported.

**Prior Period - Findings Required to be Reported in Accordance with the Uniform Guidance**

No matters are reported.