

**Kiamichi Economic Development
District of Oklahoma**

Financial Statements
with Independent Auditors' Report

June 30, 2020



Kiamichi Economic Development District of Oklahoma

Table of Contents

June 30, 2020

Independent Auditors' Report	1
Management's Discussion and Analysis	i
Basic Financial Statements	
<i>Government-Wide Financial Statements</i>	
Statement of Net Position	3
Statement of Activities	4
<i>Fund Financial Statements</i>	
Balance Sheet	5
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balance	7
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balance of Governmental Funds to the Statement of Activities	8
<i>Notes to Financial Statements</i>	9
Required Supplementary Information	
Schedule of Proportionate Share of Net Pension Liability	24
Schedule of Proportionate Share of Net OPEB Liability	25
Other Supplementary Information	
<i>Nonmajor Governmental Funds</i>	
Balance Sheets	26
Statements of Revenues, Expenditures and Changes in Fund Balance	27
<i>General Funds</i>	
Balance Sheets	28
Statements of Revenues, Expenditures and Changes in Fund Balance	29
<i>REAP Funds</i>	
Balance Sheets	30
Statements of Revenues, Expenditures and Changes in Fund Balance	31

Kiamichi Economic Development District of Oklahoma

Table of Contents

June 30, 2020

(Continued)

Reports Required by *Government Auditing Standards*

Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	32
---	----

Reports Required by the Uniform Guidance

Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required the Uniform Guidance	34
Schedule of Expenditures of Federal Awards.....	37
Notes to Schedule of Expenditures of Federal Awards	38
Schedule of Findings and Questioned Costs	39
Summary Schedule of Prior Audit Findings	41



**HINKLE &
COMPANY**

Strategic ^{PC}
Business Advisors

Independent Auditors' Report

Board of Directors
Kiamichi Economic Development District of Oklahoma
Wilburton, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the business-type activities, each major fund and the aggregate remaining fund information of the Kiamichi Economic Development District of Oklahoma as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Kiamichi Economic Development District of Oklahoma as of June 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kiamichi Economic Development District of Oklahoma's basic financial statements. The combining statements and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not required as part of the basic financial statements. The combining statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2020 on our consideration of the Kiamichi Economic Development District of Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 Kiamichi Economic Development District of Oklahoma's internal control over financial reporting and compliance.

Tulsa, Oklahoma
October 14, 2020

Hill & Company, PC



Kiamichi Economic Development District of Oklahoma
Management's Discussion and Analysis
For the Year Ended June 30, 2020

This section of Kiamichi Economic Development District of Oklahoma's (the District's) financial statements presents management's discussion and analysis of the District's financial performance during the year ended June 30, 2020. Since this management's discussion and analysis is designed to focus on current activities, resulting change, and current known facts, it should be read in conjunction with the District's basic financial statements and footnotes. The overview of the financial statements and financial analysis is presented for fiscal year 2020, with fiscal year 2019.

Financial Analysis of the District as a Whole

The basic financial statements of the District are the Government Wide Statement of Net Position and Statement of Activities. The Statement of Financial Net Position presents the financial position of the District at June 30, 2020. The Statement of Activities summarizes the District's financial results by activity for the years ended June 30, 2020. The Fund financial statements show the balance sheets and the changes in fund balance for the individual major funds of the District and the total of the non-major funds.

The following schedules are prepared from the District's basic financial statements. With the exception of the Statement of Cash Flows, the statements are presented on an accrual basis of accounting whereby revenues are recognized when earned and expenses are recorded when incurred and assets are capitalized and depreciated.

Statement of Net Position

This statement is presented with three major categories, namely assets, liabilities, and net position. The assets include cash and cash equivalents, short-term investments, accounts receivable, and investment in capital assets. Capital assets include land, buildings and improvements, equipment, and furniture. Capital assets are shown net of depreciation.

Liabilities include accounts payable, accrued expenses, deferred revenue. The Due to Other Fund represents funds borrowed by the Special Revenue Fund grants from the General Fund in order to pay grant expenses. Once the expenses are paid, the Special Revenue Fund requests reimbursement from the grant and repays the General Fund upon receipt.

Total assets of the District increased to \$ 2,110,372 in FY 2020 from \$1,446,403 in FY 2019.

Kiamichi Economic Development District of Oklahoma
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Statement of Net Position (Continued)

Following is a comparison of the summarized financial position and net position – Governmental Funds of the District at June 30, 2020, and 2019:

	2020 <i>(000's)</i>	2019 <i>(000's)</i>
Assets		
Cash and Investments	\$ 1,486	\$ 924
Accounts Receivable	610	431
Due from Other Funds	-	87
Total Assets	<u>2,096</u>	<u>1,442</u>
 Liabilities		
Accounts Payable	995	162
Due to Other Fund	-	87
Deferred Revenue	1,136	1,130
Total Liabilities	<u>2,131</u>	<u>1,379</u>
 Net Position		
Undesignated	(255)	-
Board Designated	220	63
Total Net Position	<u>\$ (35)</u>	<u>\$ 63</u>

Revenues include Federal and state grants that are renewable each year. These revenues increased by \$999,146.00 in 2020. Local grants remained consistent over the past 2 years. Other revenues of the District remained consistent over the past 2 years.

The District's operating expenses are classified by natural classification, including pass-through grants, employee compensation, fringe benefits, contractual services, etc. In FY 2020, operating expenses increased by \$986,466. All other operating expenses remained consistent with the previous year.

Kiamichi Economic Development District of Oklahoma
Management's Discussion and Analysis
For the Year Ended June 30, 2020

Statement of Revenues, Expenses, and Changes in Net Position (Continued)

Following is a comparison of operating results for the years ended June 30, 2020, and 2019:

Operating Results for the Years Ended June 30
Statement of Changes in Fund Balance
(in thousands)

	2020 <i>(000's)</i>	2019 <i>(000's)</i>
Operating Revenues		
Federal Grants	1,150	\$ 1,023
State Grants	2,439	1,428
Local Grants	103	233
Other	11	22
Total	<u>3,705</u>	<u>2,706</u>
Operating Expenses		
Pass-through Grants	3,070	2,086
Wages	355	348
Fringe Benefits	309	266
Indirect Costs	(122)	(87)
Other	192	204
Total	<u>3,804</u>	<u>2817</u>
Increase in Net Assets	(99)	(111)
Fund Balance at Beginning of Year	<u>64</u>	<u>175</u>
Fund Balance at End of Year	<u>\$ (35)</u>	<u>\$ 64</u>

Conclusion

Cares Act and emergency funding for Coronavirus made a significant impact on the pass thru revenue for year 2020. And associated emergency funding will increase the pass thru totals for the next year. The decrease in State Appropriations which is used to match AAA and EDA grants has impacted KEDDO's general trust for the past several years. The state of Oklahoma Legislature has indicated that REAP will increase in the next fiscal year. The District continues to look for ways to improve operating efficiencies and locate new revenues. Through comprehensive planning, program prioritization, prudent budgeting and tough decision making, the District is positioned to continue its commitment to changing lives throughout eastern Oklahoma.

Special EDA grants directed at COVID-19 and helping rapid response have been applied for and approved for the next fiscal year. This grant will help KEDDO bring down the cost associated with the Trust account to cover matching expenses for the Aging Program and Rural Fire Coordinator.

Kiamichi Economic Development District of Oklahoma
Statement of Net Position
June 30, 2020

	Governmental Activities
Assets	
Cash	\$ 1,187,640
Investments	298,126
Accounts receivable	610,250
OPEB asset	8,128
Capital assets, net	6,228
Total Assets	<u>2,110,372</u>
Deferred Outflows of Resources	
Deferred amounts related to pension	55,027
Deferred amounts related to OPEB	5,140
	<u>60,167</u>
Liabilities	
Accounts payable	970,551
Accrued expenses	24,788
Pension liability	27,847
Deferred revenue	1,135,639
	<u>2,158,825</u>
Deferred Inflows of Resources	
Deferred amounts related to pension	14,955
Deferred amounts related to OPEB	7,483
	<u>22,438</u>
Net Position	
Net investment in capital assets	6,228
Unrestricted	
Undesignated	(269,099)
Board Designated	252,147
	<u>(10,724)</u>
	<u>\$ (10,724)</u>

Kiamichi Economic Development District of Oklahoma
Statement of Activities
June 30, 2020

Function/Programs	Expenditures	Charges Services	Operating Grants & Contributions	Governmental Activities
Primary Government				
Government activities:				
General Government	\$ 108,235	\$ -	\$ (13,714)	\$ (121,949)
Aging Services	1,899,219	-	1,926,441	27,222
Rural Economic Action Plan	1,313,383	-	1,312,535	(848)
Economic Development	194,489	-	198,723	4,234
Community Development	<u>267,740</u>	<u>-</u>	<u>275,851</u>	<u>8,111</u>
Total Primary Government	<u>\$ 3,783,066</u>	<u>\$ -</u>	<u>\$ 3,699,836</u>	(83,230)
General Revenues:				
Interest and Other Income				<u>5,401</u>
Change in Net Position				(77,829)
Net Position, <i>beginning of year</i>				<u>67,105</u>
Net Position, <i>end of year</i>				<u>\$ (10,724)</u>

Kiamichi Economic Development District of Oklahoma
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Aging Services	Rural Economic Action Plan	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 52,062	\$ 39,778	\$ 1,049,177	\$ 46,623	\$ 1,187,640
Investments	298,126	-	-	-	298,126
Accounts receivable	144	421,778	109,290	79,038	610,250
Total Assets	<u>\$ 350,332</u>	<u>\$ 461,556</u>	<u>\$ 1,158,467</u>	<u>\$ 125,661</u>	<u>\$ 2,096,016</u>
Liabilities					
Accounts payable	\$ 429,536	\$ 443,604	\$ 25,851	\$ 71,560	\$ 970,551
Accrued expense	24,788	-	-	-	24,788
Deferred revenue	-	-	1,129,889	5,750	1,135,639
Total Liabilities	<u>454,324</u>	<u>443,604</u>	<u>1,155,740</u>	<u>77,310</u>	<u>2,130,978</u>
Fund Balance					
Unrestricted					
Undesignated	(254,703)	-	-	-	(254,703)
Board designated	150,711	17,952	2,727	48,351	219,741
	<u>(103,992)</u>	<u>17,952</u>	<u>2,727</u>	<u>48,351</u>	<u>(34,962)</u>
Total Liabilities and Fund Balance	<u>\$ 350,332</u>	<u>\$ 461,556</u>	<u>\$ 1,158,467</u>	<u>\$ 125,661</u>	<u>\$ 2,096,016</u>

Kiamichi Economic Development District of Oklahoma
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2020

**Amounts Reported for Governmental Activities in the
Statement of Net Position are Different Because:**

Total Fund Balance of Governmental Funds	\$ (34,962)
Capital assets used in governmental activiteis are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$158,897.	6,228
Long-term liabilities and related items are not due and payable in the current year and therefore, are not reported in governmental funds. These include the following items:	
Pension liabilities	(27,847)
Pension related deferred outflows	55,027
Pension related deferred inflows	(14,955)
OPEB assets	8,128
OEPB related deferred outflows	5,140
OPEB related deferred inflows	<u>(7,483)</u>
Total Net Position of Governmental Activities	\$ <u>(10,724)</u>

Kiamichi Economic Development District of Oklahoma
Statement of Revenue, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2020

	General Fund	Aging Services	Rural Economic Action Plan	Other Governmental Funds	Total Governmental Funds
Revenues					
Federal grants	\$ -	\$ 1,055,123	\$ -	\$ 95,375	\$ 1,150,498
State grants and appropriations	-	815,390	1,312,535	311,476	2,439,401
Local charges and services	18,057	34,386	-	51,494	103,937
Members' dues and assessments	-	-	-	-	-
Investment income	4,841	-	560	-	5,401
In-kind revenue	-	-	-	6,000	6,000
Other revenue	-	-	-	-	-
Match revenue	(31,771)	21,542	-	10,229	-
Total Revenues	(8,873)	1,926,441	1,313,095	474,574	3,705,237
Expenditures					
Salaries	92,709	138,167	41,025	82,995	354,896
Fringe benefits	64,825	114,967	24,609	104,581	308,982
Indirect costs	(122,144)	-	-	-	(122,144)
Travel	3,507	16,114	-	32,018	51,639
In-kind expense	-	-	-	6,000	6,000
Capital outlay	-	6,919	-	-	6,919
Other expenses	83,805	16,823	-	27,779	128,407
Pass-through grants	-	1,612,457	1,247,749	208,856	3,069,062
Total Expenditures	122,702	1,905,447	1,313,383	462,229	3,803,761
Transfers	24,765	10,769	288	(35,822)	-
Change in Fund Balance	(106,810)	31,763	-	(23,477)	(98,524)
Fund Balance, beginning of year	2,818	(13,811)	2,727	71,828	63,562
Fund Balance, end of year	\$ (103,992)	\$ 17,952	\$ 2,727	\$ 48,351	\$ (34,962)

Kiamichi Economic Development District of Oklahoma
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance of Governmental Funds to the Statement of Activities
June 30, 2020

**Amounts Reported for Governmental Activities in the
Statement of Activities are Different Because:**

Net Change in Fund Balance of Governmental Funds	\$ (98,524)
---	-------------

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 outlay for building improvements	6,920
Depreciation expense	(692)

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

OPEB Obligation, net change	3,765
Pension related expenses, net change	<u>10,702</u>

Change in Net Position of Governmental Activities	\$ <u>(77,829)</u>
--	---------------------------

Kiamichi Economic Development District of Oklahoma

Notes of the Financial Statements

June 30, 2020

Note 1: Summary of Significant Accounting Policies

Kiamichi Economic Development District of Oklahoma (the Organization of “KEDDO”) was organized and incorporated on April 13, 1966, under the nonprofit corporate statutes of the state of Oklahoma. The specific purpose of the Organization, as set forth in the Articles of Incorporation, are to promote the economic, civil and social welfare of the people of LeFlore, Pittsburg, Choctaw, Haskell, Latimer, Pushmataha and McCurtain counties in Oklahoma. The Organization is an extension of the county and municipal governments and public agencies comprising its membership organized for the expressed purpose of carrying out a cooperative program for the benefit of all concerned for the good of the general public. As such, the Organization is considered to constitute an integral part of state government and its political subdivisions and is considered to be, in effect, an administrative agency of the state of Oklahoma.

In October 1992, members of the Organization signed an agreement creating the Association of Kiamichi Economic Development District of Oklahoma Area Governments, a Trust Authority. The Board of Directors remained the same under this agreement and the Organization’s mission was unchanged.

The financial statements of the Organization are prepared in accordance with generally accepted accounting principles (GAAP) of the United States of America. The Organization is considered a governmental entity as defined by the Governmental Accounting Standards Board (GASB) and applies all relevant GASB pronouncements.

The accounts of the Organization are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue and expenditures. The following funds are used by the Organization:

General Fund – The General Fund is the primary operating fund of the Trust Authority. It is used to account for all financial resources except those required to be accounted for in the Special Revenue Funds. The general revenues which are not restricted or designated as to use by outside sources are recorded in the General Fund.

Special Revenue Fund – Special Revenue Funds are used to account for the proceeds of specific revenue resources that are legally, contractually, or administratively restricted to expenditures for specific purposes. Specific purpose grant funds are accounted for as Special Revenue Funds. The Special Revenue Funds are operated on a contract basis.

Kiamichi Economic Development District of Oklahoma

Notes of the Financial Statements

June 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Accounting

Basis of accounting refers to when revenue and expenditures are recognized in the accounts and reported in the financial statements. Measurement focus refers to what is being measured. Basis of accounting is related to the timing of the measurement made regardless of the measurement focus applied. The General Fund and Special Revenue Funds use a financial resources measurement focus and are accounted for by the accrual basis of accounting. Revenue is recognized when earned, expenditures are recognized when the related fund liability is incurred, if measurable.

Cash and Cash Equivalents

The Organization defines cash and cash equivalents to be all cash and certificates of deposit with original maturities of three months or less. Cash equivalents of \$1,485,765 as of June 30, 2020, were invested with a major local financial institution in a sweep repo account, which invests in treasury obligations.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at the historical carrying amount net of write-offs and allowance for doubtful accounts. The Organization's accounts receivable consists of requests for reimbursement from various granting agencies for expenses incurred prior to year-end and made in accordance with the reimbursable grant agreements.

The Organization's management believes the accounts receivable reflected in the statement of net position to be fully collectible due to the granting agency's ability to received federal and/or state funds to reimburse grant expenditures. Accordingly, an allowance for doubtful accounts is not reflected in the accompanying financial statements for the years ended June 30, 2020.

Deposits and Investments

In accordance with state law, all uninsured deposits in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain state of Oklahoma or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Organization must have a written collateral agreement approved by the Board of Directors or loan committee. As reflected in *Note 2*, all deposits were fully insured or collateralized.

Investments

Investments consist of marketable debt and equity securities and certificates of deposit with original maturities of more than three months. Investments are carried at fair market value based on the quoted market prices of the underlying securities.

Kiamichi Economic Development District of Oklahoma

Notes of the Financial Statements

June 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Land, Building and Equipment

Fixed assets are recorded at historical cost. Depreciation and accumulated depreciation are recorded for assets purchased with general or special revenue funds that are recorded for \$300 or more. Depreciation on fixed assets is computed on the following estimated useful lives of the assets:

Buildings	20 years
Furniture	10 years
Computer equipment	5 years
Office equipment	5 – 10 years

Annual Budget

The Organization is not required to have a legally binding budget, though they use an annual budget as a management tool. The Organization's primary source of funding is from federal, state and local grants which have varying grant periods that may or may not coincide with the Organization's fiscal year. The annual budget is subject to constant change within the fiscal year due to increase or decrease in actual grant awards from amounts estimated, changes in grant periods, unanticipated grant awards from amounts estimated, unanticipated grant awards not included in the budget and estimated grant awards that fail to materialize.

Allocated Expenses

Expenses by function have been allocated among program and supporting services classifications on the basis of time records and on estimates made by the Organization's management.

Concentrations of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist primarily of cash and cash equivalents, short-term investments and grants receivable. The Organization places its cash and certificates of deposit with high quality financial institutions. The Organization's management believes that the credit risk is adequately provided for to which it is exposed.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures in the notes thereto. Actual results could differ from those estimates.

Kiamichi Economic Development District of Oklahoma
Notes of the Financial Statements
June 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Subsequent Events

Subsequent events have been evaluated through October 14, 2020, which is the date the financial statements were issued.

Note 2: Cash and Investments

Deposits with banks and financial institutions are carried at cost. The table presented below is designed to disclose the level of custody credit risk assumed by the Organization based upon how its deposits were insured or secured with collateral at June 30, 2020. The categories of credit risk are defined as follows:

Category 1 – Insured by FDIC or collateralized by securities held by the Organization or by its agent in its name.

Category 2 – Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Organization's name.

Category 3 – Deposits which are not collateralized or insured.

A summary of the deposits at June 30, 2020 consisted of the following:

Type of Deposits	June 30, 2020				
	Total Bank Balance	Custody (Category 1)	Credit Risk (Category 2)	Uninsured (Category 3)	Carrying Value
Demand Deposit	\$ 1,043,580	\$ 302,792	\$ 150,000	\$ 590,788	\$ 1,485,765

Kiamichi Economic Development District of Oklahoma
Notes of the Financial Statements
June 30, 2020

Note 3: Fixed Assets

A summary of changes in fixed assets for the year ended June 30, 2020, is as follows:

	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020
<u>General Fund</u>				
Capital assets				
Building	\$ 45,000	\$ -	\$ -	\$ 45,000
Equipment	28,869	-	-	28,869
Furniture and fixtures	24,034	-	-	24,034
Total capital assets	<u>97,903</u>	<u>-</u>	<u>-</u>	<u>97,903</u>
Accumulated depreciation				
Building	(45,000)	-	-	(45,000)
Equipment	(28,869)	-	-	(28,869)
Furniture and fixtures	(24,034)	-	-	(24,034)
Total accumulated depreciation	<u>(97,903)</u>	<u>-</u>	<u>-</u>	<u>(97,903)</u>
Total General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Special Revenue Fund</u>				
Capital assets				
Equipment	25,381	-	-	25,381
Furniture and fixtures	34,920	-	-	34,920
Building improvements	-	6,920	-	6,920
Total capital assets	<u>60,301</u>	<u>6,920</u>	<u>-</u>	<u>67,221</u>
Accumulated depreciation				
Equipment	(25,381)	-	-	(25,381)
Furniture and fixtures	(34,920)	-	-	(34,920)
Building improvements	-	(692)	-	(692)
Total accumulated depreciation	<u>(60,301)</u>	<u>(692)</u>	<u>-</u>	<u>(60,993)</u>
Total Special Revenue Fund	<u>-</u>	<u>6,228</u>	<u>-</u>	<u>6,228</u>
Grand Total Capital Assets, Net	<u>\$ -</u>	<u>\$ 6,228</u>	<u>\$ -</u>	<u>\$ 6,228</u>

Kiamichi Economic Development District of Oklahoma

Notes of the Financial Statements

June 30, 2020

Note 4: Pension Plan

Plan description - The District 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.

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

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

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

Benefits are calculated for each member category as follows:

- **Employees**
 - Benefits are determined at 2% of the average annual salary received during the highest thirty-six months of the last ten years of participating service, but not to exceed the applicable annual salary cap, multiplied by the number of years of credited service. Members who join OPERS on or after July 1, 2013, will have their salary averaged over the highest 60 months of the last ten years. Normal retirement age under the Plan is 62 or Rule of 80/90 if the participant became a member prior to November 1, 2011, or age 65 or Rule of 90 if the participant became a member on or after November 1, 2011.

Kiamichi Economic Development District of Oklahoma

Notes of the Financial Statements

June 30, 2020

Note 4: Pension Plan (Continued)

Benefits provided (Continued)

- 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.
- 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 3.5% percent of their annual pay. Participating entities are required to contribute 16.5% of the employees' annual pay. Contributions to the pension plan from the District were \$55,027.

Kiamichi Economic Development District of Oklahoma

Notes of the Financial Statements

June 30, 2020

Note 4: Pension Plan (Continued)

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the District reported a liability of \$27,847 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The District's proportion of the net pension liability was based on the District's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2020. Based upon this information, the District's proportion was .02090767 percent.

For the year ended June 30, 2020, the District recognized pension income of \$44,950. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 6,553
Changes of assumptions	-	
Net difference between projected and actual earnings on pension plan investments	-	8,402
Change in proportion and differences between District contributions and proportionate share of contributions		
District's contributions subsequent to measurement date	55,027	
Total	\$ 55,027	\$ 14,955

Kiamichi Economic Development District of Oklahoma

Notes of the Financial Statements

June 30, 2020

Note 4: Pension Plan (Continued)

As of June 30, 2020, \$23,346, was reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$ 725
2021	(19,012)
2022	(862)
2023	4,194

Actuarial Assumptions - The total pension liability as of June 30, 2020, was determined based on an actuarial valuation prepared as of July 1, 2019, using the following actuarial assumptions:

- Investment return – 7.0% compounded annually net of investment expense and including inflation
- Salary increases – 3.5% to 9.5% per year including inflation
- Mortality rates – active participants and nondisabled pensioners – RP-2014 Mortality Table projected to 2025 by Scale MP-2016 (disabled pensioners set forward 12 years)
- No annual post-retirement benefit increases
- Assumed inflation rate – 2.75%
- Payroll growth – 3.5% per year
- Actuarial cost method – Entry age
- Select period for the termination of employment assumptions – 10 years

The actuarial assumptions used in the July 1, 2019 valuation are based on the results of the most recent actuarial experience study, which covered the three-year period ending June 30, 2016.

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.

Kiamichi Economic Development District of Oklahoma
Notes of the Financial Statements
June 30, 2020

Note 4: Pension Plan (Continued)

The Target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	38%	3.8%
U.S. Small Cap Equity	6%	4.9%
Non-U.S. Equity	24%	9.2%
U.S. Fixed	32%	1.4%
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. 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 7.0%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	1% Current Discount (7.0%)	1% Increase (8.0%)
Employers' net pension liability	\$ 251,776	\$ 27,847	\$ (162,003)

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.

Kiamichi Economic Development District of Oklahoma

Notes of the Financial Statements

June 30, 2020

Note 5: Other Post-Employment Benefits (OPEB)

Plan description - KEDDO 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.ok.gov/OPERS.

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 5; from this amount OPERS allocates a portion of the contributions to the supplemental health insurance program. Contributions allocated to the OPEB plan from KEDDO were \$3.919.

OPEB Liabilities (Assets), OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2020, KEDDO reported an asset of \$8,128 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2019. KEDDO's proportion of the net OPEB asset was based on KEDDO'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, 2019. Based upon this information, KEDDO's proportion was .02090767 percent.

Kiamichi Economic Development District of Oklahoma
Notes of the Financial Statements
June 30, 2020

Note 5: Other Post-Employment Benefits (OPEB) (Continued)

For the year ended June 30, 2020, KEDDO recognized OPEB income of \$3,764. At June 30, 2020, KEDDO reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 6,605
Changes of assumptions	1,221	-
Net difference between projected and actual earnings on OPEB plan investments	-	878
Change in proportion and differences between District contributions and proportionate share of contributions	-	-
District's contributions subsequent to measurement date	<u>3,919</u>	<u>-</u>
Total	<u>\$ 5,140</u>	<u>\$ 7,483</u>

The \$7,483 reported as deferred outflows of resources related to OPEB resulting from KEDDO'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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2020	\$ (1,790)
2021	(1,789.6)
2022	(1,143.6)
2023	(879.2)
2024	(659.3)

Kiamichi Economic Development District of Oklahoma
Notes of the Financial Statements
June 30, 2020

Note 5: Other Post-Employment Benefits (OPEB) (Continued)

Actuarial Assumptions- The total OPEB asset was determined based on actuarial valuations prepared as of July 1, 2019, using the following actuarial assumptions:

- Investment return – 7.00% compounded annually net of investment expense and including inflation
- Salary increases – 3.5% to 9.5% per year including inflation
- Mortality rates – active participants and nondisabled pensioners – RP-2014 Mortality Table projected to 2025 by Scale MP-2016 (disabled pensioners set forward 12 years)
- No annual post-retirement benefit increases
- Assumed inflation rate – 2.75%
- Payroll growth – 3.5%
- 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, 2019 valuation are based on the results of the most recent actuarial experience study, which covered the three-year period ending June 30, 2016.

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, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	38%	3.8%
U.S. Small Cap Equity	6%	4.9%
Non-U.S. Equity	24%	9.2%
U.S. Fixed	32%	1.4%
Total	100%	

Kiamichi Economic Development District of Oklahoma
Notes of the Financial Statements
June 30, 2020

Note 5: Other Post-Employment Benefits (OPEB) (Continued)

Discount Rate- A single discount rate of 7.00% was used to measure the total OPRB liability (asset) as of June 30, 2019. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 7.00%. 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 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.0%)	1% Current Discount (7.0%)	1% Increase (8.0%)
Employers' net OPEB liability (asset)	\$ (1,284)	\$ (8,128)	\$ (14,015)

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.ok.gov/OPERS.

Note 6: Economic Dependency

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

Note 7: Commitments and Contingent Liabilities

In the normal course of operations, the Organization participates in a number of federal and state assisted grant programs. These programs are subject to audit by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Presently, the Organization has no such requests pending and in the opinion of management, any such amounts would not be considered material

Kiamichi Economic Development District of Oklahoma
Notes of the Financial Statements
June 30, 2020

Note 8: Current Economic Conditions

During the year the United States of America and States of Oklahoma have declared an emergency associated with the COVID-19 pandemic. Along with significant declines in financial markets, the public health emergency creates uncertain economic conditions. The District has adapted and made changes to operations due to potential impacts on the health and safety. Should these conditions persist, the District could be negatively impacted.

Required Supplementary Information

Kiamichi Economic Development District of Oklahoma
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability
Oklahoma Public Employees' Retirement System
For the Years ended June 30, 2020

	2020	2019	2018	2017	2016
Proportionate Share of the Net Pension Liability					
Organization's Proportion of the Net Pension Liability	0.02090767%	0.02783283%	0.02302516%	0.02323537%	0.02591111%
Organization's Proportionate Share of the Net Pension Liability	\$ 27,847	\$ 54,286	\$ 124,489	\$ 230,548	\$ 93,198
Organization's Covered Payroll	\$ 354,896	\$ 347,525	\$ 379,108	\$ 474,460	\$ 390,004
Organization's Proportionate share of the Net Pension Liability as a Percentage of Covered Payroll	7.85%	15.62%	32.84%	48.59%	23.90%
Plan Fiduciary Net Pension as of Percentage of the Total Pension Liability	98.63%	97.96%	94.28%	62.24%	92.50%
Organization Contributions					
Statutorily Required Contribution	\$ 55,027	\$ 71,916	\$ 61,937	\$ 68,875	\$ 75,578
Contributions in Relation to the Statutorily Required Contribution	(55,027)	(71,916)	(61,937)	(68,875)	(75,578)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Organization's Covered Payroll	\$ 354,896	\$ 347,525	\$ 379,108	\$ 474,460	\$ 390,004
Contributions as a Percentage of Covered Payroll	15.51%	20.69%	16.34%	14.52%	19.38%

* Prior year information is not available.

Kiamichi Economic Development District of Oklahoma
Required Supplementary Information
Schedule of Proportionate Share of Net OPEB Liability
Oklahoma Public Employees' Retirement System
For the Years ended June 30, 2020

	2020	2019	2018
Proportionate Share of the Net OPEB Liability			
Organization's Proportion of the Net OPEB Liability	0.02090767%	0.02302516%	0.02323537%
Organization's Proportionate Share of the Net OPEB Asset/Liability	\$ (8,128)	\$ (3,602)	\$ 2,637
Organization's Covered Payroll	\$ 354,896	\$ 347,525	\$ 379,108
Organization's Proportionate share of the Net OPEB Liability as a Percentage of Covered Payroll	-2.29%	-1.04%	0.70%
Plan Fiduciary Net OPEB as of Percentage of the Total OPEB Asset/Liability	112.11%	103.94%	96.50%
Organization Contributions			
Statutorily Required Contribution	\$ 3,919	\$ 5,311	\$ 4,335
Contributions in Relation to the Statutorily Required Contribution	(3,919)	(5,311)	(4,335)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Organization's Covered Payroll	\$ 354,896	\$ 347,525	\$ 379,108
Contributions as a Percentage of Covered Payroll	1.10%	1.53%	1.14%

* Prior year information is not available.

Supplementary Information

Kiamichi Economic Development District of Oklahoma
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Masonic	SCHIP	MIPPA	SMP	State Approp	CENA	EDA	Rural Fire	Total
Assets									
Cash and cash equivalents	\$ 36,302	\$ 8,971	\$ 1,287	\$ -	\$ -	\$ -	\$ 63	\$ -	\$ 46,623
Accounts receivable	<u>-</u>	<u>5,750</u>	<u>1,208</u>	<u>583</u>	<u>379</u>	<u>50,199</u>	<u>17,500</u>	<u>3,419</u>	<u>79,038</u>
Total Assets	<u>\$ 36,302</u>	<u>\$ 14,721</u>	<u>\$ 2,495</u>	<u>\$ 583</u>	<u>\$ 379</u>	<u>\$ 50,199</u>	<u>\$ 17,563</u>	<u>\$ 3,419</u>	<u>\$ 125,661</u>
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 379	\$ 50,199	\$ 17,563	\$ 3,419	\$ 71,560
Deferred revenue	<u>0</u>	<u>5,750</u>	<u>-</u>	<u>0</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,750</u>
Total Liabilities	<u>-</u>	<u>5,750</u>	<u>-</u>	<u>-</u>	<u>379</u>	<u>50,199</u>	<u>17,563</u>	<u>3,419</u>	<u>77,310</u>
Fund Balance									
Unrestricted									
Board designated	<u>36,302</u>	<u>8,971</u>	<u>2,495</u>	<u>583</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,351</u>
	<u>36,302</u>	<u>8,971</u>	<u>2,495</u>	<u>583</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,351</u>
Total Liabilities and Fund Balance	<u>\$ 36,302</u>	<u>\$ 14,721</u>	<u>\$ 2,495</u>	<u>\$ 583</u>	<u>\$ 379</u>	<u>\$ 50,199</u>	<u>\$ 17,563</u>	<u>\$ 3,419</u>	<u>\$ 125,661</u>

Kiamichi Economic Development District of Oklahoma
Combining Statement of Revenue, Expenditures and Change in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Masonic	SCHIP	MIPPA	SMP	State Approp	CENA	EDA	Rural Fire	Total
Revenues									
Federal grants	\$ -	\$ -	\$ 25,375	\$ -	\$ -	\$ -	\$ 70,000	\$ -	\$ 95,375
State grants and appropriations	-	17,500	-	8,583	4,545	219,848	-	61,000	311,476
Local charges and services	51,494	-	-	-	-	-	-	-	51,494
In-kind revenue	-	-	-	-	-	-	6,000	-	6,000
Match revenue	-	-	-	-	-	-	10,229	-	10,229
Total Revenues	<u>51,494</u>	<u>17,500</u>	<u>25,375</u>	<u>8,583</u>	<u>4,545</u>	<u>219,848</u>	<u>86,229</u>	<u>61,000</u>	<u>474,574</u>
Expenditures									
Salaries	-	2,552	291	-	-	307	46,350	33,495	82,995
Fringe benefits	30,595	7,182	4,031	2,577	-	10,685	26,866	22,645	104,581
Travel	-	5,322	10,850	2,220	-	-	8,766	4,860	32,018
In-kind expense	-	-	-	-	-	-	6,000	-	6,000
Other expenses	14,592	-	7,708	614	4,545	-	320	-	27,779
Pass-through grants	-	-	-	-	-	208,856	-	-	208,856
Total Expenditures	<u>45,187</u>	<u>15,056</u>	<u>22,880</u>	<u>5,411</u>	<u>4,545</u>	<u>219,848</u>	<u>88,302</u>	<u>61,000</u>	<u>462,229</u>
Transfers	<u>(34,766)</u>	<u>3,500</u>	<u>-</u>	<u>(2,589)</u>	<u>-</u>	<u>-</u>	<u>(1,967)</u>	<u>-</u>	<u>(35,822)</u>
Change in Fund Balance	<u>(28,459)</u>	<u>5,944</u>	<u>2,495</u>	<u>583</u>	<u>-</u>	<u>-</u>	<u>(4,040)</u>	<u>-</u>	<u>(23,477)</u>
Fund Balance, beginning of year	<u>64,761</u>	<u>3,027</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,040</u>	<u>-</u>	<u>71,828</u>
Fund Balance, end of year	<u>\$ 36,302</u>	<u>\$ 8,971</u>	<u>\$ 2,495</u>	<u>\$ 583</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,351</u>

Kiamichi Economic Development District of Oklahoma
Combining Balance Sheet
General Funds
June 30, 2020

	17 CDBG	19 General	95 Pool	99 Payroll	999 Special	Total
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ 671	\$ 19,194	\$ 32,197	\$ 52,062
Investments	268,784	29,342	-	-	-	298,126
Accounts receivable	-	-	144	-	-	144
	<u>-</u>	<u>-</u>	<u>144</u>	<u>-</u>	<u>-</u>	<u>144</u>
Total Assets	<u>\$ 268,784</u>	<u>\$ 29,342</u>	<u>\$ 815</u>	<u>\$ 19,194</u>	<u>\$ 32,197</u>	<u>\$ 350,332</u>
Liabilities						
Accounts payable	\$ 118,073	\$ 310,858	\$ 605	\$ -	\$ -	\$ 429,536
Accrued expense	-	4	-	24,784	-	24,788
	<u>-</u>	<u>4</u>	<u>-</u>	<u>24,784</u>	<u>-</u>	<u>24,788</u>
Total Liabilities	<u>118,073</u>	<u>310,862</u>	<u>605</u>	<u>24,784</u>	<u>-</u>	<u>454,324</u>
Fund Balance						
Unrestricted						
Undesignated	-	(281,520)	210	(5,590)	32,197	(254,703)
Board designated	150,711	-	-	-	-	150,711
	<u>150,711</u>	<u>(281,520)</u>	<u>210</u>	<u>(5,590)</u>	<u>32,197</u>	<u>(103,992)</u>
Total Liabilities and Fund Balance	<u>\$ 268,784</u>	<u>\$ 29,342</u>	<u>\$ 815</u>	<u>\$ 19,194</u>	<u>\$ 32,197</u>	<u>\$ 350,332</u>

Kiamichi Economic Development District of Oklahoma
Combining Statement of Revenue, Expenditures and Changes in Fund Balance
General Funds
For the Year Ended June 30, 2020

	17 CDBG	19 General	95 Pool	99 Payroll	999 Special	Total
Revenues						
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State grants and appropriations	-	-	-	-	-	-
Local charges and services	-	18,057	-	-	-	18,057
Members' dues and assessments	-	-	-	-	-	-
Investment income	4,570	265	-	6	-	4,841
In-kind revenue	-	-	-	-	-	-
Match revenue	<u>(31,708)</u>	<u>(63)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,771)</u>
Total Revenues	<u>(27,138)</u>	<u>18,259</u>	<u>-</u>	<u>6</u>	<u>-</u>	<u>(8,873)</u>
Expenditures						
Salaries	13,574	33,341	45,794	-	-	92,709
Fringe benefits	6,018	36,010	22,797	-	-	64,825
Pass-through grants	-	-	-	-	-	-
Indirect costs	-	-	(122,144)	-	-	(122,144)
Travel	1,725	725	1,057	-	-	3,507
Other expenses	<u>160</u>	<u>31,426</u>	<u>52,219</u>	<u>-</u>	<u>-</u>	<u>83,805</u>
Total Expenditures	<u>21,477</u>	<u>101,502</u>	<u>(277)</u>	<u>-</u>	<u>-</u>	<u>122,702</u>
Transfers	(227,202)	251,967	-	-	-	24,765
Change in Fund Balance	(275,817)	168,724	277	6	-	(106,810)
Fund Balance, beginning of year	<u>426,528</u>	<u>(450,244)</u>	<u>(67)</u>	<u>(5,596)</u>	<u>32,197</u>	<u>2,818</u>
Fund Balance, end of year	<u>\$ 150,711</u>	<u>\$ (281,520)</u>	<u>\$ 210</u>	<u>\$ (5,590)</u>	<u>\$ 32,197</u>	<u>\$ (103,992)</u>

Kiamichi Economic Development District of Oklahoma
Balance Sheet
Rural Economic Action Plan (REAP) Funds
June 30, 2020

	2016	2017	2018	2019	2020	Planning	Total
Assets							
Cash and cash equivalents	\$ 803	\$ 32,236	\$ 160,561	\$ 13,843	\$ 839,810	\$ 1,924	\$ 1,049,177
Investments	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	103,821	5,469	109,290
Due from other fund	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
Total Assets	<u>\$ 803</u>	<u>\$ 32,236</u>	<u>\$ 160,561</u>	<u>\$ 13,843</u>	<u>\$ 943,631</u>	<u>\$ 7,393</u>	<u>\$ 1,158,467</u>
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ 11,920	\$ 8,462	\$ 5,469	\$ 25,851
Accrued expense	-	-	-	-	-	-	-
Due to other fund	-	-	-	-	-	-	-
Deferred revenue	-	32,236	160,561	1,923	935,169	-	1,129,889
Total Liabilities	<u>-</u>	<u>32,236</u>	<u>160,561</u>	<u>13,843</u>	<u>943,631</u>	<u>5,469</u>	<u>1,155,740</u>
Fund Balance							
Unrestricted							
Board designated	803	-	-	-	-	1,924	2,727
	<u>803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,924</u>	<u>2,727</u>
Total Liabilities and Fund Balance	<u>\$ 803</u>	<u>\$ 32,236</u>	<u>\$ 160,561</u>	<u>\$ 13,843</u>	<u>\$ 943,631</u>	<u>\$ 7,393</u>	<u>\$ 1,158,467</u>

Kiamichi Economic Development District of Oklahoma
Statement of Revenue, Expenditures and Changes in Fund Balance
Rural Economic Action Plan (REAP) Funds
For the Year Ended June 30, 2020

	2016	2017	2018	2019	2020	Planning	Total
Revenues							
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State grants and appropriations	-	42,656	30,968	861,498	311,779	65,634	1,312,535
Local charges and services	-	-	-	-	-	-	-
Members' dues and assessments	-	-	-	-	-	-	-
Investment income	-	-	560	-	-	-	560
In-kind revenue	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
Match revenue	-	-	-	-	-	-	-
Total Revenues	<u>-</u>	<u>42,656</u>	<u>31,528</u>	<u>861,498</u>	<u>311,779</u>	<u>65,634</u>	<u>1,313,095</u>
Expenditures							
Salaries	-	-	-	-	-	41,025	41,025
Fringe benefits	-	-	-	-	-	24,609	24,609
Indirect costs	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
In-kind expense	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-
Pass-through grants	-	42,944	31,528	845,079	328,198	-	1,247,749
Total Expenditures	<u>-</u>	<u>42,944</u>	<u>31,528</u>	<u>845,079</u>	<u>328,198</u>	<u>65,634</u>	<u>1,313,383</u>
Transfers	<u>-</u>	<u>288</u>	<u>-</u>	<u>(16,419)</u>	<u>16,419</u>	<u>-</u>	<u>288</u>
Change in Fund Balance	-	-	-	-	-	-	-
Fund Balance, beginning of year	<u>803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,924</u>	<u>2,727</u>
Fund Balance, end of year	<u>\$ 803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,924</u>	<u>\$ 2,727</u>



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

Board of Directors
Kiamichi Economic Development District of Oklahoma
Wilburton, 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 Kiamichi Economic Development District of Oklahoma (KEDDO), as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise KEDDO's basic financial statements and have issued our report thereon dated October 14, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kiamichi Economic Development District of Oklahoma's internal control over financial reporting (internal control) as a basis for designing 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 Kiamichi Economic Development District of Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of Kiamichi Economic Development District of Oklahoma's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether KEDDO'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Hill & Company, PC

Tulsa, Oklahoma
October 14, 2020





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
Kiamichi Economic Development District of Oklahoma
Wilburton, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the Kiamichi Economic Development District of Oklahoma compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a material effect on each of the Kiamichi Economic Development District of Oklahoma's major federal award programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Kiamichi Economic Development District of Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Kiamichi Economic Development District of Oklahoma is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Kiamichi Economic Development District of Oklahoma's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



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

We have audited the financial statements of KEDDO as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise KEDDO's basic financial statements. We issued our report thereon dated October 14, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Hill & Company, PC

Tulsa, Oklahoma
October 14, 2020



KEDDO
Schedule of Expenditures of Federal Awards
June 30, 2020

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Project Number	Federal Expenditures	Expenditures to Subrecipients
FEDERAL PROGRAMS					
<u>U.S. Department of Health and Human Services</u>					
<i>Pass-Through the Oklahoma Department of Human Services</i>		56652			
Special Programs for the Aging					
B Admin	93.004		34074003	\$ 27,603	\$ -
Title VII	93.041		34074003	3,920	-
Title III, Part B Grants for					
Supportive Services & Senior Centers	93.044		34074003	220,133	162,725
Title III, Part C-1 Nutrition Services	93.045		34074003	286,090	248,939
Title III, Part C-1 Nutrition Services	93.045		FFCRA CMC2/HDC2	58,172	58,172
Title III, Part C-2 Nutrition Services	93.045		34074003	56,784	38,830
Title III, Part C-2 Nutrition Services	93.045		FFCRA CMC2/HDC2	116,345	116,345
Title III, Part D Prev	93.043		34074003	17,428	17,428
Title III, Part E Care Giver Support	93.052		34074003	126,388	115,217
Nutrition Services Incentive Program	93.053		34074003	142,260	142,260
Total Aging Cluster				<u>1,055,123</u>	<u>899,916</u>
<i>Pass-Through the Department of Oklahoma Insurance</i>					
Medicare Improvements for Patients & Providers Act (MIPPA)	93.071			<u>22,880</u>	<u>-</u>
Total U.S. Department of Health and Human Services				<u>1,078,003</u>	<u>-</u>
<u>U.S. Department of Commerce</u>					
Economic Development Planning Assistance	11.301			<u>70,000</u>	<u>-</u>
				<u>\$ 1,148,003</u>	<u>\$ 899,916</u>

Kiamichi Economic Development District of Oklahoma
Notes to Schedule of Expenditures of Federal Awards
June 30,2020

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of Kiamichi Economic Development District of Oklahoma for the year ended June 30, 2020. 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 Kiamichi Economic Development District of Oklahoma, it is not intended to and does not present the financial position, changes in net position, or cash flows of Kiamichi Economic Development District of Oklahoma.

Note B: Summary of Significant Accounting Policies

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.

Note C: Indirect Cost Rate

Kiamichi Economic Development District of Oklahoma has elected not to use the 10 percent de minimis cost rate allowed under Section 200.414(f) of the Uniform Guidance.

Kiamichi Economic Development District of Oklahoma
Schedule of Findings and Questioned Costs
June 30,2020

(Continued)

Summary of Auditors' Results (Continued)

The threshold used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance was \$750,000.

7. The District qualified as a low-risk auditee as that term is defined in the Uniform Guidance. ☒ Yes ☐ No

Findings Required to be Reported by Government Auditing Standards

No matters are reportable.

Findings Required to be Reported by the Uniform Guidance

No matters are reportable.

Kiamichi Economic Development District of Oklahoma
Summary Schedule of Prior Audit Findings
June 30,2020

Prior Year Findings Required to be Reported by Government Auditing Standards

No matters are reportable.

Prior Year Findings Required to be Reported by the Uniform Guidance

No matters are reportable.