

Kiamichi Economic Development District of Oklahoma

**Financial Statements
with Independent Auditors' Report**

June 30, 2013 and 2012

**Kiamichi Economic Development District of Oklahoma
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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 Kiamichi Economic Development District of Oklahoma (the Organization) as of which comprise the balance sheets as of June 30, 2013 and 2012 and the related statements of revenues, expenses, and changes in net assets and statements of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

HOOD & ASSOCIATES CPAs, P.C.

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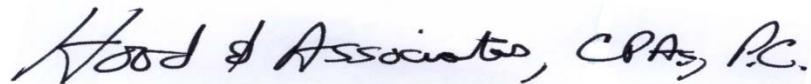
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kiamichi Economic Development District of Oklahoma as of June 30, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Accounting Standards*, we have also issued our report dated October 4, 2013, on our consideration of Kiamichi Economic Development District of Oklahoma'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 Kiamichi Economic Development District of Oklahoma's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Hood & Associates, CPAs, P.C." The signature is written in a cursive, flowing style.

Hood & Associates, CPAs, P.C.
Tulsa, Oklahoma
October 4, 2013

Kiamichi Economic Development District of Oklahoma
Statements of Financial Position – Proprietary Fund
June 30, 2013 and 2012

	June 30, 2013		June 30, 2012	
	General Fund	Special Revenue Fund	General Fund	Special Revenue Fund
Assets				
Cash and cash equivalents	\$ 480,708	\$ 430,373	\$ 600,300	\$ 526,852
Investments	528,138	500,000	527,944	500,000
Accounts receivable	16,326	605,095	855	411,288
Due from other fund	401,641	-	291,314	-
Property and equipment, net	562	1,666	2,810	886
Total Assets	\$ 1,427,375	\$1,537,134	\$ 1,423,223	\$ 1,439,026
 Liabilities and Net Assets				
Accounts payable	\$ 237,979	\$ -	\$ 149,630	\$ 5,677
Deferred revenue	-	1,133,827	7,340	1,141,149
Due to other fund		401,641		291,314
Total Liabilities	237,979	1,535,468	156,970	1,438,140
 Net Assets				
Unrestricted				
Undesignated	1,188,834	-	1,263,443	-
Board designated	-	-	-	-
Invested in capital assets	562	1,666	2,810	886
Total Net Assets	1,189,396	1,666	1,266,253	886
Total Liabilities and Net Asset	\$ 1,427,375	\$1,537,134	\$ 1,423,223	\$ 1,439,026

The accompanying notes are an integral part of these financial statements

Kiamichi Economic Development District of Oklahoma
Statements of Revenues, Expenses and
Changes in Fund Balances – Proprietary Funds
For the Years Ended June 30, 2013 and 2012

	2013		2012	
	General Revenue Fund	Special Revenue Fund	General Revenue Fund	Special Revenue Fund
Changes in Unrestricted Net Assets				
Revenues and Gains:				
Federal grants	\$ -	\$1,038,037	\$ -	\$2,319,788
State grants		2,177,677		1,667,816
Local grants	124,585	213,842	134,733	173,782
Interest	1,745	1,503	315	30,452
Stand-in / in-kind funds		11,501		11,301
Other	643,619		808,798	
Total Revenues and Gains	<u>769,949</u>	<u>3,442,560</u>	<u>943,846</u>	<u>4,203,139</u>
Expenses and Losses:				
Pass-through grants	599,119	2,684,865	585,942	2,799,539
Staff program wages	-	51,020	-	312,594
Administrative wages	75,042	301,651	100,674	274,068
Direct training	54,850	63,305	72,486	332,264
Fringe benefits	29,492	122,439	(49,971)	110,302
Travel	6,802	54,619	3,543	68,878
Administration	49,017	114,668	136,283	249,232
Payroll taxes	6,835	26,280	4,372	30,280
Supplies	15,345	6,440	7,879	10,193
Depreciation	2,248	1,054	4,238	9,424
Stand-in / in-kind	-	11,501	-	11,301
Telephone	8,055	4,833	-	3,451
Other	2,079	(895)	11,994	1,037
Total Expenses and Losses	<u>848,884</u>	<u>3,441,780</u>	<u>877,440</u>	<u>4,212,563</u>
Increase (decrease) in Net Assets	(78,935)	780	66,406	(9,424)
Net Assets, beginning of year	1,268,331	886	1,201,925	10,310
Net Assets, end of year	<u>\$1,189,396</u>	<u>\$ 1,666</u>	<u>\$1,268,331</u>	<u>\$ 886</u>

The accompanying notes are an integral part of these financial statements

Kiamichi Economic Development District of Oklahoma
Statements of Cash Flows – Proprietary Funds
For the Years Ended June 30, 2013 and 2012

	2013		2012	
	General Revenue Fund	Special Revenue Fund	General Revenue Fund	Special Revenue Fund
Cash Flows from Operating Activities				
Increase (decrease) net assets	\$ (78,935)	\$ 780	\$ 64,329	\$ (9,424)
Adjustments to reconcile change in net assets to net cash provided by operating				
Depreciation	2,248	1,054	4,372	9,424
(Increase) decrease in accounts receivable	(15,471)	(193,807)	(855)	324,876
(Increase) decrease in amounts due between funds	(110,327)	110,327	237,082	(237,082)
Increase (decrease) in accounts payable	90,233	(5,677)	(260,518)	5,070
Increase (decrease) in deferred revenue	(7,340)	(7,322)	7,340	(71,868)
Net Cash Provided (Used) by Operating Activities	<u>(119,592)</u>	<u>(94,645)</u>	<u>51,750</u>	<u>20,996</u>
Cash Flows from Investing Activities				
Proceeds from sale of investments	500,000	500,000	-	500,000
Purchase of investments	(500,000)	(500,000)	(500,000)	(500,000)
Property and equipment purchases		(1,835)	-	(1,328)
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>(1,835)</u>	<u>(500,000)</u>	<u>(1,328)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(119,592)	(96,480)	(448,250)	19,668
Cash and Cash Equivalents, beginning of year	600,300	526,852	1,048,550	507,184
Cash and Cash Equivalents, end of year	<u>\$ 480,708</u>	<u>\$430,372</u>	<u>\$ 600,300</u>	<u>\$ 526,852</u>

The accompanying notes are an integral part of these financial statements

Kiamichi Economic Development District of Oklahoma
Notes to Financial Statements
June 30, 2013 and 2012

Note 1: Summary of Significant Accounting Policies

Kiamichi Economic Development District of Oklahoma (the Organization) 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. Its operations are considered propriety in nature, and therefore, the Organization has adopted a reporting framework similar (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

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 to Financial Statements
June 30, 2013 and 2012

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 \$519,362 and \$832,532 as of June 30, 2013 and 2012, respectively, were invested with a major local financial institution in a sweep repo account, which invests in treasury obligations.

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 of 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 or more than three months. Investments are carried at fair market value based on the quoted market prices of the underlying securities.

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	3 years
Computer Equipment	3 years
Office Equipment	3 years

Kiamichi Economic Development District of Oklahoma
Notes to Financial Statements
June 30, 2013 and 2012

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 agents 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, unanticipated grant awards not included in the budget, and estimated grant awards that fail to materialize.

Subsequent Events

Subsequent events have been evaluated through October 4, 2013, which is the date the financial statements were issued.

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.

Deferred Revenue

During the year, KEDDO receives monthly payments from grants for budgeted expenses during in the year in advance of the expenses. The prepayments are treated as deferred revenue which is reflected on the Statements of Financial Position.

Kiamichi Economic Development District of Oklahoma
Notes to Financial Statements
June 30, 2013 and 2012

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, 2013. The categories of credit risk are defined as follows:

Category 1 – Insured by FDIC or collateralized by securities held by 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.

Deposits at June 30, 2013 and 2012 consisted of the following:

Type of Deposits	June 30, 2013				
	Total Bank Balance	Custody (Category 1)	Credit Risk (Category 2)	Uninsured (Category 3)	Carrying Value
Demand Deposits	\$ 715,886	\$ 715,886	\$ -	\$ -	\$ 519,362

Type of Deposits	June 30, 2012				
	Total Bank Balance	Custody (Category 1)	Credit Risk (Category 2)	Uninsured (Category 3)	Carrying Value
Demand Deposits	\$1,002,807	\$1,002,807	\$ -	\$ -	\$ 832,532

Kiamichi Economic Development District of Oklahoma
Notes to Financial Statements
June 30, 2013 and 2012

Note 2: Cash and Investments (Continued)

Investments at June 30, 2013 and 2012 consisted of the following:

Type of Investment	June 30, 2013				
	Carrying Value	Custody (Category 1)	Credit Risk (Category 2)	Uninsured (Category 3)	Fair Value
U.S. Government Securities	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ 500,000
Certificate of Deposits	528,138	528,138	-	-	528,138
	\$1,028,138	\$1,028,138	\$ -	\$ -	\$1,028,138

	June 30, 2012				
	Carrying Value	Custody (Category 1)	Credit Risk (Category 2)	Uninsured (Category 3)	Fair Value
U.S. Government Securities	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ 500,000
Certificate of Deposits	527,944	527,944	-	-	527,944
	\$1,027,944	\$1,027,944	\$ -	\$ -	\$1,027,944

Note 3: Accounts Receivable

Accounts receivable, consisting of advances to subgrantees and local project service contracts are carried at cost. The Organization did not recognize any allowance for uncollectible amounts at June 30, 2013.

Kiamichi Economic Development District of Oklahoma
Notes to Financial Statements
June 30, 2013 and 2012

Note 4: Due Between Funds

Cash receipts from federal and state grants to the Special Revenue Funds are deposited to the General Fund cash account. Differences between actual receipts and actual disbursements of the Special Revenue Funds are carried as amounts due to and due from the General Fund

Interfund balances at June 30, 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Due to Special Revenue Fund from General Fund	\$ -	\$ -
Due to General Fund from Special Revenue Fund	(401,641)	(293,391)
Net Due from Special Revenue Fund to General Fund	<u><u>\$(401,641)</u></u>	<u><u>\$(293,391)</u></u>

Kiamichi Economic Development District of Oklahoma
Notes to Financial Statements
June 30, 2013 and 2012

Note 5: Fixed Assets

A summary of charges in fixed assets for the year ended June 30, 2013 and 2012 is as follows:

	Balance June 30, 2012	Additions	Reductions	Transfers	Balance June 30, 2013
General Fund					
Building	\$ 45,000				\$ 45,000
Equipment	28,869				28,869
Furniture	24,034				24,034
Total Historical Cost	<u>\$ 97,903</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,903</u>
Building	(42,189)	(2,250)			(44,439)
Equipment	(28,711)	(158)			(28,869)
Furniture	(24,030)				(24,030)
Total Accumulated Depreciation	<u>(94,930)</u>	<u>(2,408)</u>	<u>-</u>	<u>-</u>	<u>(97,338)</u>
Net General Fund Fixed Assets	<u>\$ 2,973</u>	<u>\$ (2,408)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 565</u>
Special Revenue Fund:					
Building	\$ -				\$ -
Equipment	25,381				25,381
Computer equipment	33,085	1,835			34,920
Total Historical Cost	<u>\$ 58,466</u>	<u>\$ 1,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,301</u>
Building	-				-
Equipment	(25,381)				(25,381)
Computer equipment	(32,199)	(1,054)			(33,253)
Total Accumulated Depreciation	<u>(57,580)</u>	<u>(1,054)</u>	<u>-</u>	<u>-</u>	<u>(58,634)</u>
Net Special Revenue Fund Fixed Assets	<u>\$ 886</u>	<u>\$ 781</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,667</u>

Kiamichi Economic Development District of Oklahoma
Notes to Financial Statements
June 30, 2013 and 2012

Note 6: Retirement Plan

All full-time employees who meet certain age and length of service requirements are eligible to participate in the Oklahoma Public Employee Retirement System. Employee and employer contributions are based on the actuarial costs of benefits, and this cost charges from year to year in response to the increase in benefits that may be made available to member of the system. During fiscal year ended June 30, 2013, the Organization's contributions to the plan were based on 16.5% of eligible gross salaries and totaled \$76,561. Employees' contributions were based on 3.5% of gross salaries and totaled \$17,634.

Note 7: Deferred Compensation Plan

All full-time employees of the Organization are eligible to participate in its deferred compensation plan, if they so choose. This plan, which was created in accordance with Section 457 of the Internal Revenue Code, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to an employee until retirement, termination, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiaries) solely the property and rights of the employer (without being restricted to the provisions of benefits under the plan) subject only to the claims of the employer's general creditors.

Note 8: Lease Agreements

The Organization leases space and various items of equipment under year-to-year operating leases. There was no lease expense for the fiscal year ending June 30, 2013. Lease expense for the year ended June 30, 2012, was \$18,750. The Organization also subleases to various entities. The lease payments received under these subleases for the fiscal year ending in June 30, 2013 and 2012, amounted to \$2,800 and \$2,800, respectively.

Note 9: 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.

Kiamichi Economic Development District of Oklahoma
Notes to Financial Statements
June 30, 2013 and 2012

Note 10: 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 subjected to audit for the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallow under the terms of the agent. Presently, the Organization has no such requests pending, and in the opinion of management, any such amounts would not be considered material.

In the administration of one of its grants programs, the Organization subcontracts with numerous subgrantees throughout its membership counties to accomplish the overall goals of the grant agreement. In the administration of subgrantee activities, the Organization requires audits covering the dollars supplied to the subgrantee. While the subgrantee is held accountable for all questioned costs, the Organization is ultimately responsible to the grantor agency for the funds it receives and distributes. The Organization's policy is to require subgrantees to resolve questioned costs on a timely basis. As of June 30, 2013, the Organization had no questioned costs related to subgrantee audit reports. In addition, as subgrantees are required to have audits done on a different time schedule, grant ending date, or their own (subgrantee) fiscal year end, there are funds at the subgrantee level which are not required to be audited as of June 30, 2013. These funds will be audited in the next fiscal year.

KEDDO
Combining Statement of Net Assets
General Fund
Year Ended June 30, 2013

	CDBG	Latimer County Bank	General Account	AAA Special	Twin Lakes	Expense Grouping	Payroll	Pass- Through	Capital Assets	Total
Cash	\$ 314,960	\$ 849	\$ 134,898	\$ -	\$ 3,000	\$ -	\$ 25,168	\$ 1,834	\$ -	\$ 480,708
Investments	500,000	-	28,138	-	-	-	-	-	-	528,138
Accounts Receivable	15,250	-	200	-	-	876	-	-	-	16,326
Due from Other Funds	-	-	401,641	-	-	-	-	-	-	401,641
Property & Equipment	-	-	-	-	-	-	-	-	562	562
	<u>830,210</u>	<u>849</u>	<u>564,878</u>	<u>-</u>	<u>3,000</u>	<u>876</u>	<u>25,168</u>	<u>1,834</u>	<u>562</u>	<u>1,427,376</u>
Accounts Payable	-	-	227,557	-	-	-	-	-	-	227,557
Accrued Liabilities	-	-	-	-	-	-	10,422	-	-	10,422
Deferred Revenue	-	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>227,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,422</u>	<u>-</u>	<u>-</u>	<u>237,979</u>
Designated Net Assets	-	-	-	-	-	-	-	-	562	562
Restricted Net Assets	-	-	-	-	-	-	-	-	-	-
Unrestricted Net Assets	830,210	849	337,321	-	3,000	876	14,746	1,834	-	1,188,836
	<u>\$ 830,210</u>	<u>\$ 849</u>	<u>\$ 337,321</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 876</u>	<u>\$ 14,746</u>	<u>\$ 1,834</u>	<u>\$ 562</u>	<u>\$ 1,189,399</u>

KEDDO
Combining Statement of Revenues, Expenses and Changes in Net Assets
General Fund
Year Ended June 30, 2013

	CDBG	Latimer County Bank	General Account	AAA Special	Twin Lakes	Expense Grouping	Payroll	Pass- Through	Capital Assets	Total
Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-	-	-	-	-	-	-
Local Grants	8,000	-	21,151	2,773	-	-	-	92,661	-	124,585
Interest	1,503	-	242	-	-	-	-	-	-	1,745
Stand-in/In-Kind	-	-	-	-	-	-	-	-	-	-
Other	86,186	-	-	2,370	-	-	2,421	552,642	-	643,619
	<u>95,689</u>	<u>-</u>	<u>21,393</u>	<u>5,143</u>	<u>-</u>	<u>-</u>	<u>2,421</u>	<u>645,303</u>	<u>-</u>	<u>769,949</u>
Pass Through Grants	-	-	-	-	-	-	-	599,119	-	599,119
Staff Program Wages	-	-	-	-	-	-	-	-	-	-
Administrative Wages	-	-	10,417	-	-	64,626	-	-	-	75,042
Direct Training	-	-	-	-	-	10,500	-	44,350	-	54,850
Fringe Benefits	-	-	3,529	-	-	25,963	-	-	-	29,492
Travel	616	-	861	-	-	5,325	-	-	-	6,802
Administration	-	-	165,797	15,756	-	(132,536)	-	-	-	49,017
Payroll Taxes	-	-	301	-	-	6,535	-	-	-	6,835
Supplies	-	-	4,689	-	-	10,656	-	-	-	15,345
Depreciation	-	-	-	-	-	-	-	-	2,248	2,248
Stand-in/In-Kind	-	-	-	-	-	-	-	-	-	-
Telephone	-	-	-	-	-	8,055	-	-	-	8,055
Other	-	-	-	-	-	-	-	-	-	-
(G)/L on Sale of Assets	-	-	-	-	-	-	-	-	-	-
	<u>616</u>	<u>-</u>	<u>185,592</u>	<u>15,756</u>	<u>-</u>	<u>(876)</u>	<u>-</u>	<u>643,469</u>	<u>2,248</u>	<u>846,806</u>
Increase (decrease) in net ass	\$ 95,073	\$ -	\$ (164,199)	\$ (10,613)	\$ -	\$ 876	\$ 2,421	\$ 1,834	\$ (2,248)	\$ (76,857)
Net Assets, beginning of year	735,137	849	501,520	10,613	3,000	-	12,325	-	2,810	1,266,253
Net Assets, end of year	<u>\$ 830,210</u>	<u>\$ 849</u>	<u>\$ 337,321</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 876</u>	<u>\$ 14,746</u>	<u>\$ 1,834</u>	<u>\$ 562</u>	<u>\$ 1,189,396</u>

Kiamichi Economic Development District of Oklahoma
Combining Statement of Net Assets
Special Revenue Fund
Year Ended June 30, 2013

	REAP					
	Planning	EDA	REAP	Rural Fire	Firewise	AAA
	802	208	964	209	110	213
Cash	\$ 10,984	\$ -	\$ 392,024	\$ -	\$ -	\$ -
Investments	-	-	500,000	-	-	-
Accounts Receivable	32,107	29,895	173,517	11,875	-	262,026
Due from Other Funds	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-
Property & Equipment	-	-	-	-	-	-
	<u>43,091</u>	<u>29,895</u>	<u>1,065,542</u>	<u>11,875</u>	<u>-</u>	<u>262,026</u>
Accounts Payable	-	-	-	-	-	-
Due to Other Funds	-	29,895	-	11,875	-	262,026
Accrued Liabilities	-	-	-	-	-	-
Deferred Revenue	43,091	-	1,063,371	-	-	-
	<u>43,091</u>	<u>29,895</u>	<u>1,063,371</u>	<u>11,875</u>	<u>-</u>	<u>262,026</u>
Designated Net Assets	-	-	-	-	-	-
Restricted Net Assets	-	-	-	-	-	-
Unrestricted Net Assets	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Kiamichi Economic Development District of Oklahoma
Combining Statement of Net Assets
Special Revenue Fund
Year Ended June 30, 2013

	Masonic 216	ODEC - CENA 259	ODOC - CIP 263	State Appropriat ions 203	SHIP 317	Capital Assets	Total
Cash	\$ 27,365	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 430,373
Investments	-	-	-	-	-	-	500,000
Accounts Receivable	-	55,435	36,350	6,061	-	-	607,266
Due from Other Funds	-	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-	-
Property & Equipment	-	-	-	-	-	1,666	1,666
	<u>27,365</u>	<u>55,435</u>	<u>36,350</u>	<u>6,061</u>	<u>-</u>	<u>1,666</u>	<u>1,539,305</u>
Accounts Payable	-	-	-	-	-	-	-
Due to Other Funds	-	55,435	36,350	6,061	-	-	401,641
Accrued Liabilities	-	-	-	-	-	-	-
Deferred Revenue	27,365	-	-	-	-	-	1,133,827
	<u>27,365</u>	<u>55,435</u>	<u>36,350</u>	<u>6,061</u>	<u>-</u>	<u>-</u>	<u>1,535,468</u>
Designated Net Assets	-	-	-	-	-	1,666	1,666
Restricted Net Assets	-	-	-	-	-	-	-
Unrestricted Net Assets	-	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,666</u>	<u>\$ 1,666</u>

Kiamichi Economic Development District of Oklahoma
Combining Statement of Revenues, Expenses and Changes in Net Assets
Special Revenue Fund
Year Ended June 30, 2013

	REAP					
	Planning 802	EDA 208	REAP 964	Rural Fire 209	Firewise 110	AAA 213
Federal Grants	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ 978,037
State Grants	89,769	-	1,148,972	70,000	-	552,597
Local Grants	-	49,092	-	10,968	2,705	27,098
Interest	-	-	1,503	-	-	-
Stand-in/In-Kind	-	11,501	-	-	-	-
Other	-	-	-	-	-	-
	<u>89,769</u>	<u>120,593</u>	<u>1,150,475</u>	<u>80,968</u>	<u>2,705</u>	<u>1,557,732</u>
Pass Through Grants	-	-	1,150,475	-	-	1,252,374
Staff Program Wages	-	-	-	-	-	51,020
Administrative Wages	56,880	61,237	-	47,233	1,834	107,720
Direct Training	-	-	-	-	-	-
Fringe Benefits	17,405	18,026	-	13,784	715	53,732
Travel	-	13,701	-	7,295	-	22,654
Administration	13,263	9,877	-	8,480	-	52,162
Payroll Taxes	2,222	5,841	-	3,896	157	8,431
Supplies	-	210	-	-	-	5,926
Depreciation	-	-	-	-	-	-
Stand-in/In-Kind	-	11,501	-	-	-	-
Telephone	-	200	-	280	-	3,713
Other	-	-	-	-	-	-
(G)/L on Sale of Assets	-	-	-	-	-	-
	<u>89,769</u>	<u>120,593</u>	<u>1,150,475</u>	<u>80,968</u>	<u>2,705</u>	<u>1,557,732</u>
Increase (decrease) in net assets)	-	-	-	-	-	-
Net Assets, beginning of year	-	-	-	-	-	-
Net Assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Kiamichi Economic Development District of Oklahoma
Combining Statement of Revenues, Expenses and Changes in Net Assets
Special Revenue Fund
Year Ended June 30, 2013

	Masonic	ODEC - CENA	ODOC - CIP	State Appropriat ions	SHIP	Capital Assets	Total
	216	259	263	203	317		
Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,038,037
State Grants	-	268,520	-	36,364	11,456	-	2,177,677
Local Grants	66,639	-	56,400	-	-	-	212,903
Interest	-	-	-	-	-	-	1,503
Stand-in/In-Kind	-	-	-	-	-	-	11,501
Other	-	-	-	-	-	-	-
	<u>66,639</u>	<u>268,520</u>	<u>56,400</u>	<u>36,364</u>	<u>11,456</u>	<u>-</u>	<u>3,441,621</u>
Pass Through Grants	-	255,094	-	26,923	-	-	2,684,865
Staff Program Wages	-	-	-	-	-	-	51,020
Administrative Wages	-	-	18,648	3,034	5,065	-	301,651
Direct Training	63,305	-	-	-	-	-	63,305
Fringe Benefits	-	-	15,857	1,007	1,914	-	122,439
Travel	3,334	-	4,866	-	2,768	-	54,619
Administration	-	13,426	12,312	3,838	1,310	-	114,668
Payroll Taxes	-	-	3,771	1,562	399	-	26,280
Supplies	-	-	304	-	-	-	6,440
Depreciation	-	-	-	-	-	1,054	1,054
Stand-in/In-Kind	-	-	-	-	-	-	11,501
Telephone	-	-	640	-	-	-	4,833
Other	-	-	-	-	-	-	-
(G)/L on Sale of Assets	-	-	-	-	-	-	-
	<u>66,638</u>	<u>268,520</u>	<u>56,400</u>	<u>36,364</u>	<u>11,456</u>	<u>1,054</u>	<u>3,442,675</u>
Increase (decrease) in net assets)	-	-	-	-	-	(1,054)	(1,054)
Net Assets, beginning of year	-	-	-	-	-	2,720	2,720
Net Assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,666</u>	<u>\$ 1,666</u>



Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of 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 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 Kiamichi Economic Development District of Oklahoma as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Kiamichi Economic Development District of Oklahoma's basic financial statements, and have issued our report thereon dated October 4, 2013.

Internal Control over Financial Reporting

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

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

Our consideration of 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Kiamichi Economic Development District of Oklahoma's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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.

Hood & Associates, CPAs, P.C.

A handwritten signature in black ink that reads "Hood & Associates, CPAs, P.C." The signature is written in a cursive, flowing style.

Tulsa, Oklahoma
October 4, 2013

**Kiamichi Economic Development District of Oklahoma
Schedule of Expenditures of Federal Awards
June 30, 2013**

Federal Grantor/Pass-through Grantor	Federal CFDA Number	Expenditures
Program Title		
U.S. Department of Commerce		
EDA (13200001)	11.302	\$ 60,000
Pass through from Oklahoma Department of Human Services		
Special Programs for the Aginig - Title III, Part B		
Grants for Supportive Services and Senior Centers	93.044	200,173
Special Programs for the Aginig - Title III, Part C		
Nutrition Services	93.045	518,947
Special Programs for the Aginig - Title III, Part D		
Preventive Health	93.043	5,284
Special Programs for the Aginig - Title III, Part E		
Care Giver Support	93.052	68,912
Nutrition Services Incentive Program	93.053	170,262
		<u>963,578</u>
Total Federal Awards Expended		<u><u>\$ 1,023,578</u></u>

Kiamichi Economic Development District of Oklahoma
Notes to Schedule of Expenditures of Federal Awards
June 30, 2013

Note 1: Basis of Presentation

The schedule of expenditures of federal awards includes the federal awards activity of Kiamichi Economic Development District of Oklahoma (the Organization) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State and Local Governments*, and *Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented, in or used in the preparation of, the basic financial statements.

Note 2: Subrecipients

The Organization provided federal awards to subrecipients as follows:

Program Title	Federal CFDA No.	Amount Provided
Special Programs for the Aginig - Title III, Part B Grants for Supportive Services and Senior Centers	93.044	\$200,173
Special Programs for the Aginig - Title III, Part C Nutrition Services	93.045	\$518,947
Special Programs for the Aginig - Title III, Part D Preventive Health	93.043	\$ 5,284
Special Programs for the Aginig - Title III, Part E Care Giver Support	93.052	\$ 68,912
Nutrition Services Incentive Program	93.053	\$170,262



Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Federal Awards Required by OMB Circular A- 133

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

Report on Compliance for Each Major Federal Program

We have audited Kiamichi Economic Development District of Oklahoma's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Kiamichi Economic Development District of Oklahoma's major federal programs for the year ended June 30, 2013. Kiamichi Economic Development District of Oklahoma'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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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 Kiamichi Economic Development District of Oklahoma's compliance.

Opinion on Each Major Federal Program

In our opinion, 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, 2013.

Report on Internal Control Over Compliance

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

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of Kiamichi Economic Development District of Oklahoma as of and for the year ended June 30, 2013, and have issued our report thereon dated October 4, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole

Hood & Associates, CPAs, P.C.

A handwritten signature in black ink that reads "Hood & Associates, CPAs, P.C." The signature is written in a cursive style and is positioned above a light blue rectangular stamp.

Tulsa, Oklahoma
October 4, 2013

Kiamichi Economic Development District of Oklahoma
Schedule of Findings and Questioned Costs
June 30, 2013

Summary of Auditors' Results

1. The independent auditors' report on the financial statements expressed an unqualified opinion.
2. No reportable conditions were reported in the independent auditors' report in internal control over financial reporting.
3. No instance of noncompliance considered material to the financial statements of the Organization was disclosed during the audit.
4. No reportable conditions in internal control over compliance with requirements applicable to major federal awards programs were reported in the independent auditors' report on internal control over compliance.
5. The independent auditors' report on compliance with requirements applicable to major federal awards programs expressed an unqualified opinion.
6. No findings were required to be reported by OMB Circular A-133
7. The Organization's major programs were: (Chart)
8. A threshold of \$300,000 was used to distinguish Type A and Type B programs as those terms are defined by OMB Circular A-133.
9. The Organization qualifies as a low-risk auditee as defined by OMB Circular A-133

Findings Required to be Reported by Government Auditing Standards

No matters are reportable.

Findings Required to be Reported by OMB Circular A-133

Not matters are reportable.