

KIAMICHI ECONOMIC DEVELOPMENT DISTRICT OF OKLAHOMA

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2024**

MICHAEL W. GREEN
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KIAMICHI ECONOMIC DEVELOPMENT DISTRICT OF OKLAHOMA
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the accompanying financial statements of the Kiamichi Economic Development District of Oklahoma (KEDDO), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise KEDDO's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of KEDDO as of June 30, 2024, and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of KEDDO, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about KEDDO's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing standards*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KEDDO's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KEDDO's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension exhibits be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise KEDDO's basic financial statements. The accompanying balance sheet by program, statement of revenues and expenditures by program and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 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 and *Government Auditing Standards*. In my opinion, the accompanying balance sheet by program, statement of revenues and expenditures by program 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*, I have also issued my report dated November 29, 2024, on my consideration of KEDDO's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of KEDDO's 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 KEDDO's internal control over financial reporting and compliance.

Regards,

A handwritten signature in black ink, appearing to read "Mike Green", is positioned above the printed name.

Michael Green, CPA
Stilwell, Oklahoma
November 29, 2024

KIAMICHI ECONOMIC DEVELOPMENT DISTRICT OF OKLAHOMA
STATEMENT OF NET POSITION
JUNE 30, 2024

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 1,731,376
Restricted cash and cash equivalents	323,128
Accounts Receivable	540,686
Total current assets	<u>2,595,190</u>
Noncurrent assets	
Buildings, property and equipment	142,312
Less accumulated depreciation	(104,521)
OPEB asset	12,209
Total noncurrent assets	<u>50,000</u>
Total assets	<u>2,645,190</u>
Deferred Outflows of Resources	
Deferred amounts related to pensions	124,235
Deferred amounts related to OPEB	26,995
	<u>151,230</u>
Liabilities	
Net pension liability	43,741
Accounts Payable	169,133
Total liabilities	<u>212,874</u>
Deferred Inflows of Resources	
Deferred amounts related to pensions	5,567
Deferred amounts related to OPEB	10,921
	<u>16,488</u>
Net position (Note 1)	
Net Investment in capital assets	37,791
Unrestricted	2,529,267
Total net position	<u><u>\$ 2,567,058</u></u>

The accompanying notes and auditor's report are an integral part of these financial statements.

KIAMICHI ECONOMIC DEVELOPMENT DISTRICT OF OKLAHOMA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

Functions/programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contracts	Capital Grants and Contracts
Governmental activities				
General Government	\$ 3,455,500	\$ 228,594	\$ 5,304,071	\$ 2,077,165
Total government activities	<u>3,455,500</u>	<u>228,594</u>	<u>5,304,071</u>	<u>2,077,165</u>
General revenues				
Investment earnings				<u>14,748</u>
Change in net position				2,091,913
Net position, beginning of year				2,042,349
Prior Period Adjustment				<u>(1,567,204)</u>
Net position, beginning of year, restated				<u>475,145</u>
Net position, end of year				<u><u>\$ 2,567,058</u></u>

The accompanying notes and auditor's report are an integral part of these financial statements.

KIAMICHI ECONOMIC DEVELOPMENT DISTRICT OF OKLAHOMA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Total General Fund
Assets		
Cash and cash equivalents	\$ 1,731,376	\$ 1,731,376
Restricted cash and investments	323,128	323,128
Accounts Receivable	540,686	540,686
Total assets	<u>\$ 2,595,190</u>	<u>\$ 2,595,190</u>
Liabilities		
Accounts Payable	<u>\$ 169,133</u>	<u>\$ 169,133</u>
Total liabilities	169,133	169,133
Fund Balance (Note 1.D.)		
Unassigned	<u>2,426,057</u>	<u>2,426,057</u>
Total fund balances	<u>2,426,057</u>	<u>2,426,057</u>
Total liabilities and fund balances	<u>\$ 2,595,190</u>	<u>\$ 2,595,190</u>

Reconciliation of Governmental Funds and Government-Wide Financial Statements:
Fund Balance- Net Position Reconciliation:

Total fund balance, governmental funds	\$ 2,426,057
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in this fund financial statement but are reported in the governmental activities of the Statement of Net Position	
The cost of the assets is \$142,312. The accumulated depreciation is \$ 104,521.	
Net effect for reconciliation	37,791
Certain long-term assets are not available to pay current fund liabilities and, therefore are deferred in the funds:	
Net pension asset	12,209
Deferred outflows are not available to pay current fund liabilities and therefore are not reported in the funds:	
Pension related deferred outflows	151,230
Some liabilities are not due and payable in the current period and they, along with deferred inflows, are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	
Pension related deferred inflows	(16,488)
Net pension liability	(43,741)
Net position of governmental activities	<u>\$ 2,567,058</u>

The accompanying notes and auditor's report are an integral part of these financial statements.

KIAMICHI ECONOMIC DEVELOPMENT DISTRICT OF OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

	General Fund
Revenues:	
Federal grants	\$ 1,352,423
State grants and appropriations	3,951,648
Local charges and services	162,232
Investment income	14,748
In-kind revenue	6,000
Other Revenue	42,972
Match revenue	17,390
Total revenues	<u>5,547,413</u>
Expenditures:	
Salaries	469,668
Fringe benefits	197,170
Indirect costs	(2)
Travel	82,507
In-kind expense	6,000
Other expenses	2,736,826
Total expenditures paid	<u>3,492,169</u>
Change in Fund balance	2,055,244
Fund balances, beginning of year	1,998,871
Prior Period Adjustment	(1,628,058)
Fund balances, beginning of year, restated	<u>370,813</u>
Fund balances, end of year	<u><u>\$ 2,426,057</u></u>

The accompanying notes and auditor's report are an integral part of these financial statements.

**KIAMICHI ECONOMIC DEVELOPMENT DISTRICT OF OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE, CONTINUED
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024**

Reconciliation of the change in fund balances: total governmental funds to the change in net position of governmental activities:

Net change in fund balances: total governmental funds	\$ 2,055,244
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Depreciation	(5,687)
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In the Statement of Activities, the net cost of pension benefits earned is calculated and reported as pension expense. The fund financial statements report pension contributions as pension expenditures. This amount represents the difference between pension contributions and calculated pension expense.

42,356

Change in net position of governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; padding: 2px 10px;">\$ 2,091,913</div>
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The accompanying notes and auditor's report are an integral part of these financial statements.

Kiamichi Economic Development District of Oklahoma

Notes to the Financial Statements

June 30, 2024

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Kiamichi Economic Development District of Oklahoma (KEDDO), an association of the KEDDO Area Governments, a Trust Authority, was organized and incorporated on April 13, 1966, under the nonprofit corporate statutes of the state of Oklahoma. The specific purpose of KEDDO, 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. KEDDO 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, KEDDO 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 KEDDO revised their agreement creating the Trust Authority. The Board of Trustees remained the same under this agreement and KEDDO's mission was unchanged.

The financial statements of KEDDO are prepared on the accrual basis of accounting. KEDDO is considered a government entity as defined by the Governmental Accounting Standards Board (GASB) and applies all relevant GASB pronouncements.

Change in Basis of Presentation

During the prior year KEDDO elected to treat certain current assets and liabilities, described in Note 1, differently from the accounting principles generally accepted in the United States of America. They adopted the modified cash basis of accounting for financial statement reporting. During the current year KEDDO elected to go back to the accrual basis of accounting. There were substantial differences between the accrual basis and the modified cash basis in 2024, therefore a prior period adjustment was necessary to convert them back to the accrual basis of accounting.

Government-Wide Financial Statements

The statement of net position and activities are reported on the accrual basis of accounting and the economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred or economic assets used.

Governmental Funds

The governmental funds are reported on the accrual basis of accounting and current financial resources measurement focus. Revenue is recognized when earned, expenditures are recognized when the related liability is incurred, if measurable.

Cash and Cash Equivalents

For the purpose of the statements of net positions and the balance sheet, "cash and cash equivalents" includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three months or less and money market accounts.

Investments

Investments classified in the financial statements consist of certificates of deposit whose original maturity term exceeds three months. Investments are carried at a cost which approximates fair value.

Capital Assets

The accounting treatment of property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund and similar discretely presented component unit operations and whether they are reported in the government-wide or fund financial statement.

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to July 1, 2003. Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. Infrastructure assets acquired since July 1, 2003, are recorded at cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

Buildings	40
Equipment	5-20
Vehicles	5
Utility property and improvements	10-40

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

FUND BALANCES AND NET POSITION

Fund Balances

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, and unassigned. These classifications are defined as:

- *Non-spendable* – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* – consists of fund balance with constraints placed on the use of resources either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (b) laws through constitutional provisions or enabling legislation.
- *Committed* - includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of KEDDO's highest level of decision-making authority. KEDDO's highest level of decision-making authority is made by ordinance.
- *Assigned* – includes amounts that are constrained by KEDDO's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by KEDDO Board action or management decision when the KEDDO Board has delegated that authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process.
- *Unassigned* – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the General Fund.

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

Net Position

Net position is displayed in three components:

- *Net investment in capital assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- *Restricted net position* – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- *Unrestricted net position* – All remaining net position that does not meet the definition of "restricted".

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

Fund balances on June 30, 2024, for the governmental funds are as follows:

	General
Fund Balances:	<u>Fund</u>
Restricted for:	
Unassigned	<u>\$2,426,057</u>
Total Fund Balances	<u><u>\$2,426,057</u></u>

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. Actual results could differ from those estimated.

Restricted Revenue

KEDDO's primary sources of funding are from federal, state and local grants all of which are for a specified purpose.

Revenues and Expenses

KEDDO's primary sources of revenue are from federal and state grants.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

Prior Period Adjustment

A prior period adjustment was made for the change from the modified cash basis of accounting to the accrual basis of accounting

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, KEDDO is subject to various federal, state, and local laws and contractual regulations. An analysis of KEDDO's compliance with significant laws and regulations and demonstration of its stewardship over KEDDO'S resources follows.

UNINSURED AND UNCOLLATERALIZED DEPOSITS

In accordance with State law, all uninsured deposits in financial institutions must be secured with acceptable collateral. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State or political subdivision debt obligations, surety bonds, or certain letters of credit.

NOTE 3: DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS

DEPOSITS AND INVESTMENTS

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, KEDDO's deposits may not be returned to it. KEDDO's investment policy for custodial credit risk for deposits states, "Safety of principal is the foremost objective of the investment program. All collateral pledged to secure public funds shall be valued at no more than market value. The collateralization level will be 110 % of market value of principal and accrued interest. Collateral will be held by KEDDO's Director or by an independent third party with whom the entity has a current custodial agreement." As of June 30, 2024, KEDDO'S bank balances of \$1,946,722 were fully covered by FDIC insurance or collateral pledged.

Investment Interest Rate Risk - KEDDO's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Reserve funds may be invested with maturities exceeding three years from date of purchase if the maturity is made to coincide with the expected use of the funds. All other funds maturities will be no more than three years from date of purchase.

Investment Credit Risk - KEDDO's investment policy limits investments to any securities authorized in the Oklahoma State Statutes, as follows:

- a. Direct obligations of the U.S. Government, its agencies, and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal, or school district tax-supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the Securities and Exchange Commission and in which investments consist of the investments mentioned in the previous paragraphs a, b, c, and d.

As of June 30, 2024, KEDDO did not hold any securities with credit ratings since they are all non-negotiable time deposits.

Public trusts created under O.S. Title 60 are not subject to the above-mentioned investment limitations and are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2024, KEDDO complied, in all material respects, with these investment restrictions.

Concentration of Credit Risk – KEDDO’s investment policy has no limit on the amount of KEDDO’s investment portfolio that may be invested in a single financial institution, with the exception of investment in prime bankers’ acceptances shall not exceed 10% of the surplus funds of KEDDO, and investment in prime commercial paper shall not be more than 10% of the outstanding paper of the issuing corporation. Of KEDDO’s investments, all were in certificates of deposit with 91% invested with one financial institution.

ACCOUNTS RECEIVABLE

Accounts receivable consist of grants receivable from various State and Federal programs. Management believes receivables are collectable based on previous experience executing programs on behalf of the State and Federal Governments.

CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

	June 30, 2023 Beginning Balance	Additions	Deletions	June 30, 2024 Ending Balance
<i>Governmental activities:</i>				
Other capital assets:				
Buildings and improvements	\$ 88,364	\$ -	\$ -	\$ 88,364
Equipment	6,757	-	-	6,757
Furniture and fixtures	47,191	-	-	47,191
Total other capital assets at historical cost	142,312	-	-	142,312
Less accumulated depreciation for:				
Buildings and improvements	49,135	4,336	-	53,471
Equipment	2,508	1,351	-	3,859
Furniture and fixtures	47,191	-	-	47,191
Total accumulated depreciation	98,834	5,687	-	104,521
Other capital assets, net	43,478	(5,687)	-	37,791
Governmental activities capital assets, net	\$ 43,478	\$ (5,687)	\$ -	\$ 37,791

NOTE 4: PENSION PLAN

KEDDO, as the employer, participates in Oklahoma Public Employees Retirement Plan, a cost-sharing multiple-employer defined 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 public available financial report that can be obtained at www.opers.ok.gov.

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).

The 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 of Rule of 80/90 if the participant became a member prior to November 11, 2011, or age 65 or Rule of 80/90 if the participant became a member prior on or after November 11, 2011.
- Members who elect to pay the additional contribution rate, which became available in January 2004, will receive benefits using a 2.5% computation factor for each full year the additional contributions are made. In 2004, legislation was enacted to provide an increased benefit to retiring members who were not yet eligible for Medicare. The Medicare Gap benefit option became available to members under age 65 who retired on or after May 1, 2006. Members may elect to receive a temporary increased benefit to cover the cost of health insurance premiums until the member is eligible to receive Medicare. After the member becomes eligible for Medicare, the retirement benefit will be permanently reduced by an actuarially determined amount.
- The option is irrevocable, must be chosen prior to retirement and is structured to have a neutral actuarial cost to the Plan.
- 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 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% of the annual pay. Participating entities are required to contribute 16.5 of the employees' annual pay. Contributions to the pension plan from KEDDO were \$76,137.

Pension Liabilities, Pension Expense and Deferred Outflows or Resources and Deferred Inflows of Resources Related to Pensions- At June 30, 2024, KEDDO reported Net Pension Liability of \$43,741 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial

valuation as of July 1, 2023. KEDDO's proportion of the net pension liability was based on KEDDO's contributions received by the pension plan relative to the total contributions received by the pension plan for all participating employers as of June 30, 2024. Based upon this information, KEDDO's proportion was .0095%.

For the year ended June 30, 2024, KEDDO recognized pension expense of \$33,781. On June 30, 2024, KEDDO reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,200	\$ 663
Changes of assumptions	9,240	-
Net difference between projected and actual earnings on pension plan investments	36,360	-
Change in proportion	1,908	-
Organization's contribution during measurement date	10,731	4,904
Organization's benefit payments subsequent to the measurement date	<u>64,796</u>	<u>-</u>
Total	<u>\$ 124,235</u>	<u>\$ 5,567</u>

As of June 30, 2024, \$124,235 reported as deferred outflows of resources related to pensions resulting from KEDDO's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	
2024	\$ 19,004
2025	3,452
2026	39,705
2027	(8,289)
2028	<u>-</u>
	<u>\$ 53,872</u>

Actuarial Assumptions- The total pension liability as of June 30, 2024, was determined based on an actuarial valuation prepared as of July 1, 2023, using the following actuarial assumptions:

- Investment return-6.50% for 2023 compounded annually net of investment expense and including inflation.
- Salary increases-3.5% to 9.25% for 2023.
- Mortality rates-in 2023, Pub-2010 Below Media, General Membership Active/Retiree Health Mortality Table with base rates projected to 2030 using Scale MP-2019. Male rates are unadjusted and female rates are set forward two years.
- No annual post-retirement benefit increases.
- Assumed inflation rate- 2.5% for 2023.
- Payroll Growth-3.25% for 2023.
- Actuarial cost method- Entry age.
- Select period for the termination of employment assumptions-10 years.

The actuarial assumptions used in the July 1, 2023, valuation are based on the results of the most recent actuarial experience study, which covered the three year period ending June 30, 2023.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	34.0%	5.1%
U.S. Small Cap Equity	6.0%	5.1%
Int's Developed Equity	28.0%	8.2%
Emerging Market Equity	25.0%	1.9%
Core Fixed Income	3.5%	2.1%
Long Term Treasuries	3.5%	1.8%

Discount Rate- The discount rate used to measure the total pension liability was 6.5% net of investment expense for 2023. The projection of cash flows used to determine the discount rate assumed that the 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 to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determined does not use a municipal bond rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate- The following presents the net pension liability of the employers calculated using the discount rate of 6.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.5%) or one percentage point higher (7.5%) than the current rate:

	1% Decrease 5.5%	Discount 6.5%	1% Increase 7.5%
Employer's net pension liability	168,954	43,741	(61,541)

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

NOTE 5: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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 retirees, 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 contribution 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 the OPERS section of these notes; from this amount, OPERS allocates a portion of the contributions to the supplemental health insurance program. Contributions allocated to the OPEB plan from the KEDDO were \$1,607.

Liabilities (Assets), OPEB Expense and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB- At June 30, 2024, KEDDO reported an asset of \$12,209 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2023. KEDDO's proportion of the net OPEB asset was based on their contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2023. Based upon this information, KEDDO's proportion was .0095%.

For the year ended June 30, 2024, KEDDO recognized OPEB income of \$18,713. At June 30, 2024, KEDDO reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,372
Changes of assumptions	789	-
Net difference between projected and actual earnings on OPEB plan investments	2,284	-
Change in proportion	18,713	5,363
Organization's contribution during measurement date	1,165	1,186
Organization's benefit payments subsequent to the measurement date	4,044	-
Total	<u>\$ 26,995</u>	<u>\$ 10,921</u>

The \$26,995 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30,</u>	
2024	\$ 1,860
2025	1,967
2026	3,169
2027	2,126
2028	2,908
	<u>\$ 12,030</u>

Actuarial Assumptions- The total pension liability as of June 30, 2024, was determined based on an actuarial valuation prepared as of July 1, 2023, using the following actuarial assumptions:

- Investment return-6.50% for 2023 compounded annually net of investment expense and including inflation.
- Salary increases-3.5% to 9.25% for 2023.
- Mortality rates-in 2023, Pub-2010 Below Media, General Membership Active/Retiree Health Mortality Table with base rates projected to 2030 using Scale MP-2019. Male rates are set back one year, and female rates are set forward one year.
- No annual post-retirement benefit increases.
- Assumed inflation rate- 2.5% for 2023.
- Payroll Growth-3.25% for 2023.
- Actuarial cost method- Entry age.
- Select period for the termination of employment assumptions-10 years.

The actuarial assumptions used in the July 1, 2023, valuation are based on the results of the most recent actuarial experience study, which covered the three year period ending June 30, 2023.

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large Cap Equity	34.0%	5.1%
U.S. Small Cap Equity	6.0%	5.1%
Int's Developed Equity	28.0%	8.2%
Emerging Market Equity	25.0%	1.9%
Core Fixed Income	3.5%	2.1%
Long Term Treasuries	3.5%	1.8%

Discount Rate- The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that the 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 to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determined does not use a municipal bond rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate- The following presents the net pension liability of the employers calculated using the discount rate of 6.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.5%) or one percentage point higher (7.5%) than the current rate:

	1% Decrease 5.5%	Discount 6.5%	1% Increase 7.5%
Employer's net pension liability (asset)	(8,955)	(12,209)	(14,976)

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: OTHER NOTES

RISK MANAGEMENT

KEDDO is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. KEDDO manages these various risks of loss by securing commercial insurance for all risks. Management believes such coverage is sufficient to preclude any significant uninsured losses to KEDDO. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

ECONOMIC DEPENDENCY

KEDDO 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 or State level. The amount of funds KEDDO 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 KEDDO will receive in the next year.

COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES

OTHER COMMITMENTS

Federal and State Award Programs:

KEDDO participates in various federal and state grant and loan programs from year to year. In 2024, KEDDO's involvement in federal and state award programs was not significant. The programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. KEDDO has not been notified of any noncompliance with federal or state award requirements. Any liability or reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

CONTINGENCIES

Grant Program Involvement

In the normal course of operations, KEDDO participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability of reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Litigation

KEDDO is a party to various legal proceedings that normally occur in the course of governmental operations. The financial statements do not include any accruals or provisions for loss contingencies that

may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a 3-year period by a “Sinking Fund” for the payment of any court assessed judgment rendered against KEDDO. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by KEDDO and the State statute relating to judgments, KEDDO feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of KEDDO.

NOTE 7: SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date the financial statements were available to be issued.

Kiamichi Economic Development District of Oklahoma
Required Supplementary Information
Schedule of the Proportionate Share of Net Pension Liability
Oklahoma Public Employee's Retirement System
For the Year ended June 30, 2024

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Proportionate Share of the Net Pension Liability Organization's Proportion of the Net Pension Liability	0.0259%	0.0232%	0.0230%	0.0278%	0.0209%	0.2018%	0.0224%	0.0347%	0.0096%
Organization's Proportionate Share of the Net Pension Liability	\$ 93,198	\$ 230,548	\$ 124,489	\$ 54,286	\$ 27,847	\$ 179,994	\$ (300,555)	\$ 121,058	\$ 43,741
Organization's Covered Payroll	\$ 390,004	\$ 474,460	\$ 379,108	\$ 347,525	\$ 354,896	\$ 397,583	\$ 422,295	\$ 492,924	\$ 467,200
Organization's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	23.90%	48.59%	32.84%	15.62%	7.85%	45.27%	-71.17%	24.56%	9.36%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	92.50%	62.24%	94.28%	97.96%	98.63%	91.59%	112.51%	92.24%	95.91%

The accompanying notes and auditor's report are an integral part of these financial statements.

Kiamichi Economic Development District of Oklahoma
Required Supplementary Information
Schedule of the Organization's Pension Contributions
Oklahoma Public Employee's Retirement System
For the Year ended June 30, 2024

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Organization Contributions									
Statutorily Required Contribution	\$ 75,578	\$ 68,875	\$ 61,937	\$ 71,916	\$ 55,027	\$ 55,330	\$ 61,532	\$ 81,332	\$ 77,088
Contributions in Relation to the Statutorily Required Contribution	(75,578)	(68,875)	(61,937)	(71,916)	(55,027)	(55,330)	(61,532)	(81,332)	(77,088)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Organization's Covered Payroll	\$ 390,004	\$ 474,460	\$ 379,108	\$ 347,525	\$ 354,896	\$ 397,583	\$ 422,295	\$ 492,924	\$ 467,200
Contributions as a Percentage of Covered Payroll	19.38%	14.52%	16.34%	20.69%	15.51%	13.92%	14.57%	16.50%	16.50%

Kiamichi Economic Development District of Oklahoma
Required Supplementary Information
Schedule of Proportionate Share of Net OPEB Liability
Oklahoma Public Employee's Retirement System
For the Year ended June 30, 2024

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Proportionate Share of the Net OPEB Liability									
Organization's Proportion of the Net OPEB Liability	0.0000%	0.0000%	0.0230%	0.0278%	0.0209%	0.2018%	0.0224%	0.0347%	0.0096%
Organization's Proportionate Share of the Net OPEB Asset/Liability	\$ -	\$ -	\$ 2,637	\$ (3,602)	\$ (8,128)	\$ (9,459)	\$ (30,787)	\$ (32,484)	\$ (12,209)
Organization's Covered Payroll	\$ -	\$ -	\$ 379,108	\$ 347,525	\$ 354,896	\$ 397,583	\$ 422,295	\$ 492,924	\$ 467,200
Organization's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	0.00%	0.00%	0.70%	-1.04%	-2.29%	-2.38%	-7.29%	0.00%	-2.61%
Plan Fiduciary Net OPEB as a Percentage of the Total OPEB Asset/Liability	0.00%	0.00%	96.50%	103.94%	112.11%	114.27%	142.87%	130.01%	141.38%

Kiamichi Economic Development District of Oklahoma
Required Supplementary Information
Schedule of the Organization's OPEB Contributions
Oklahoma Public Employee's Retirement System
For the Year ended June 30, 2024

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Organization Contributions									
Statutorily Required Contribution	\$ -	\$ -	\$ 4,335	\$ 5,311	\$ 3,919	\$ 3,881	\$ 3,958	\$ 5,756	\$ 3,013
Contributions in Relation to the Statutorily Required Contribution	-	-	(4,335)	(5,311)	(3,919)	(3,881)	(3,958)	(5,756)	(3,013)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Organization's Covered Payroll	\$ -	\$ -	\$ 379,108	\$ 347,525	\$ 354,896	\$ 397,583	\$ 422,295	\$ 492,924	\$ 467,200
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.10%	0.15%	0.10%	0.98%	0.94%	1.17%	0.64%

The accompanying notes and auditor's report are an integral part of these financial statements.

Kiamichi Economic Development District of Oklahoma
Balance Sheet by Program
For The Year Ended June 30, 2024

	MGMT & GENERAL	MASONIC	AAA	MIPPA	CENA	EDA	RURAL FIRE	CDBG	REAP	STATE APPROP	ARPA	RTPO	MOBILITY	TOTAL
ASSETS														
CASH AND CASH EQUIVALENTS	\$ (235,615)	\$ 33,245	\$ 13,154	\$ 1,465	\$ (38,602)	\$ (30,772)	\$ (11,166)	\$ (78,452)	\$ 2,084,604	\$ (1,136)	\$ 16,092	\$ (9,586)	\$ (11,855)	\$ 1,731,376
INVESTMENTS	30,049	-	-	-	-	-	-	293,079	-	-	-	-	-	323,128
ACCOUNTS RECEIVABLE	5,741	-	160,243	980	65,537	52,500	11,166	-	227,273	1,136	-	4,257	11,853	540,686
TOTAL ASSETS	\$ (199,825)	\$ 33,245	\$ 173,397	\$ 2,445	\$ 26,935	\$ 21,728	\$ -	\$ 214,627	\$ 2,311,877	\$ -	\$ 16,092	\$ (5,329)	\$ (2)	\$ 2,595,190
LIABILITIES														
ACCOUNTS PAYABLE	\$ 2,657	\$ 1,050	\$ 129,153	\$ -	\$ 26,935	\$ 365	\$ -	\$ -	\$ 8,973	\$ -	\$ -	\$ -	\$ -	\$ 169,133
TOTAL LIABILITIES	2,657	1,050	129,153	-	26,935	365	-	-	8,973	-	-	-	-	169,133
FUND BALANCE														
UNASSIGNED	(202,482)	32,195	44,244	2,445	-	21,363	-	214,627	2,302,904	-	16,092	(5,329)	(2)	2,426,057
TOTAL OPERATING EXPENDITURES	\$ (202,482)	\$ 32,195	\$ 44,244	\$ 2,445	\$ -	\$ 21,363	\$ -	\$ 214,627	\$ 2,302,904	\$ -	\$ 16,092	\$ (5,329)	\$ (2)	\$ 2,426,057

The accompanying notes and auditor's report are an integral part of these financial statements.

Kiamichi Economic Development District of Oklahoma
Statement of Revenues and Expenditures by Program
For The Year Ended June 30, 2024

	MGMT & GENERAL	MASONIC	AAA	MIPPA	CENA	EDA	RURAL FIRE	CDBG	REAP	STATE APPROP	ARPA	RTPO	MOBILITY	TOTAL
REVENUES:														
FEDERAL GRANTS	\$ -	\$ -	\$ 1,204,424	\$ 9,800	\$ -	\$ 70,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,233	\$ 49,966	\$ 1,352,423
STATE GRANTS AND APPROP	-	-	860,674	-	250,065	-	100,000	-	2,727,273	13,636	-	-	-	3,951,648
LOCAL CHARGES AND SERVICES	47,819	53,346	26,151	-	-	-	-	22,424	-	-	-	-	12,492	162,232
INVESTMENT INCOME	305	-	-	-	-	-	-	14,443	-	-	-	-	-	14,748
IN-KIND REVENUE	-	-	-	-	-	6,000	-	-	-	-	-	-	-	6,000
MATCH REVENUE	-	-	-	-	-	11,500	-	-	-	-	-	-	-	11,500
OTHER REVENUE	33,623	-	9,349	-	-	-	-	-	-	-	-	5,890	-	48,862
TOTAL REVENUE	81,747	53,346	2,100,598	9,800	250,065	87,500	100,000	36,867	2,727,273	13,636	-	24,123	62,458	5,547,413
EXPENDITURES														
SALARIES	59,821	-	174,669	1,008	70	32,013	56,523	2,026	83,447	-	12,985	14,332	32,774	469,668
FRINGE BENEFITS	28,189	-	79,750	508	30	9,018	20,087	831	34,387	-	4,945	4,989	14,436	197,170
INDIRECT COSTS	(143,503)	-	63,294	3,574	12,403	10,698	15,167	-	18,530	-	8,335	4,504	6,997	19,170
TRAVEL	1,263	-	48,805	537	-	10,568	7,239	6,554	-	-	3,686	1,535	2,320	82,507
IN-KIND EXPENSE	-	-	-	-	-	6,000	-	-	-	-	-	-	-	6,000
CAPITAL OUTLAY	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OTHER EXPENSE	137,710	21,151	1,728,766	12,801	237,562	1,135	984	500	571,552	13,636	1,003	4,092	5,933	2,736,825
PASS-THROUGH GRANTS	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING EXPENDITURES	83,480	21,151	2,095,284	18,428	250,065	69,432	100,000	9,911	707,916	13,636	30,954	29,452	62,460	3,492,169
CHANGE IN PROGRAM BALANCE	\$ (1,733)	\$ 32,195	\$ 5,314	\$ (8,628)	\$ -	\$ 18,068	\$ -	\$ 26,956	\$ 2,019,357	\$ -	\$ (30,954)	\$ (5,329)	\$ (2)	\$ 2,055,244

The accompanying notes and auditor's report are an integral part of these financial statements.

KIAMICHI ECONOMIC DEVELOPMENT DISTRICT OF OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2024

Federal Grantor/Program	Pass-Through Grantor's Number	ALN	Grant Period	Expenditures	Passed Through to Subrecipients
<u>Pass-Through Grantor/Program Title</u>					
<u>U.S. Department of Health and Human Services</u>					
<u>Passed through Oklahoma Department of Health and Human Services</u>					
<u>to Kiamichi Economic Development District of Oklahoma</u>					
<u>Aging Cluster:</u>					
Title III, Part B Grants for					
Supportive Services & Senior Centers	TITLE III/VII FY 24	93.044	7/1/2023-6/30/2024	\$ 190,626	\$ 190,626
Title III, Part C-1 Nutrition Services	TITLE III/VII FY 24	93.045	7/1/2023-6/30/2024	422,014	422,014
Title III, Part C-2 Nutrition Services	TITLE III/VII FY 24	93.045	7/1/2023-6/30/2024	307,782	307,782
ARPA, C-2	TITLE III/VII FY 25	93.045	7/1/2023-6/30/2025	123,993	123,993
Nutrition Services Incentive Program	HB 4466 FY 24	93.053	7/1/2023-6/30/2024	118,202	118,202
Total Aging Cluster				<u>1,162,617</u>	<u>1,162,617</u>
Title III, Part D Prev	TITLE III/VII FY 26	93.043	7/1/2023-6/30/2026	26,292	26,292
Title III, Part E Care Giver Support	TITLE III/VII FY 24	93.052	7/1/2023-6/30/2024	37,623	37,623
Total U.S. Department of Health and Human Services				<u>1,226,532</u>	<u>1,226,532</u>
<u>U.S. Department of Transportation</u>					
<u>Passed through Oklahoma State Department of Transportation</u>					
<u>to Kiamichi Economic Development District of Oklahoma</u>					
Enhanced Mobility of Seniors and Individuals w/Disabilities	FTA5310-TP24	20.513	10/01/2023-09/30/2024	62,460	-
Total U.S. Department of Transportation				<u>62,460</u>	
<u>U.S. Department of Treasury</u>					
<u>Passed through Rural Counties</u>					
<u>to Kiamichi Economic Development District of Oklahoma</u>					
COVID-ARP		21.XXX		30,954	-
Total U.S. Department of Treasury				<u>30,954</u>	<u>-</u>
<u>U.S. Department of Commerce</u>					
Economic Development Planning Assistance	ED23AUS3020015	11.302	1/1/2023-12/31/2025	63,432	-
Total U.S. Department of Commerce				<u>63,432</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 1,383,378</u>	<u>\$ 1,226,532</u>

The accompanying notes and auditor's report are an integral part of these financial statements.

**KIAMICHI ECONOMIC DEVELOPMENT DISTRICT OF OKLAHOMA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2024

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the KEDDO under programs of the federal government for the year ended June 30, 2024. The information in this SEFA 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 SEFA presents only a selected portion of the operations of KEDDO, it is not intended to and does not present the financial position, changes in net assets, or cash flows of KEDDO.

Change in Basis of Presentation

During the current year KEDDO elected to change their basis of presentation from modified cash basis to the accrual basis of accounting. As a result, the amounts presented in the current SEFA may not be directly comparable to those presented in the prior year.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. KEDDO has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – SUBRECIPIENTS

A portion of the federal expenditures presented in this schedule was provided to subrecipients by the Organization. That portion has been identified in a separate column on the Schedule of Expenditures of Federal Awards.

MICHAEL W. GREEN
Certified Public Accountant

827 W. Locust St.
Stilwell, Ok. 74960
(918) 696-6298

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

I 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 Kiamichi Economic Development District of Oklahoma (KEDDO), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise KEDDO's basic financial statements and have issued my report thereon dated November 29, 2024.

Report on Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered KEDDO'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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of KEDDO's internal control. Accordingly, I do not express an opinion on the effectiveness of KEDDO'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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether KEDDO's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.

Regards,

A handwritten signature in black ink, appearing to read "Mike Green", written in a cursive style.

Michael Green, CPA
Stilwell, Oklahoma
November 29, 2024

MICHAEL W. GREEN
Certified Public Accountant

827 W. Locust St.
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(918) 696-6298

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited Kiamichi Economic Development District of Oklahoma (KEDDO)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the KEDDO's major federal programs for the year ended June 30, 2024. The KEDDO's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, the KEDDO 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, 2024.

Basis for Opinion on Each Major Federal Program

I conducted my 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). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of the KEDDO and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of the KEDDO's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the KEDDO's compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a

substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the KEDDO's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, I:

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

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

Report on Internal Control over Compliance


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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.

Regards,



Michael Green, CPA
Stilwell, Oklahoma
November 29, 2024

**KIAMICHI ECONOMIC DEVELOPMENT DISTRICT OF OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended June 30, 2024

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements
were in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies)? _____ yes X no

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies)? _____ yes X no

Type of auditor’s report issued on compliance for major federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200.516(a)? X yes _____ no

Identification of major federal programs:

<u>Program</u>	<u>CFDA Number</u>
Aging Cluster:	93.044, 93.045, and
Title III, Parts B, C, and	93.053
Nutrition Services Incentive Program	

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? _____ yes X no

**KIAMICHI ECONOMIC DEVELOPMENT DISTRICT OF OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued**

Year Ended June 30, 2024

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

None to report for the June 30, 2024, period.

Section III – Findings Required to be Reported in Accordance with Uniform Guidance:

2024-001 ALN: 93.044, 93.045, and 93.053 NON-COMPLIANCE WITH AUDITEE RESPONSIBILITIES RELATED TO REPORTING REQUIREMENTS UNDER UNIFORM GUIDANCE

Criteria: The Uniform Guidance – §200.512 requires “the audit be completed and the data collection form described in paragraph (b) of this section must be submitted within the earlier of 30 calendar days after receipt of the auditor’s report(s), or nine months after the end of the audit period.”

Condition: The audit was completed timely, but submission of audit completed for June 30, 2023, was uploaded to the Federal Clearing House by the auditor late.

Cause: The auditor had a longtime senior staff member retire suddenly with health-related issues. The staff member that retired was the manager of Uniform Guidance Audits and responsible for uploading all audits. When this error was discovered, the auditor immediately verified all clients that required Uniform Guidance uploads had been executed.

Effect: Although there was a delay, it did not affect the reliability of the audit report, the entity was technically noncompliant with federal requirements.

Recommendation: The auditee should enhance monitoring processes to ensure timely submission of future audit reports.

Response of Responsible Officials: The auditee concurs with the finding and has implemented a process to ensure timely submission in the future.

**KIAMICHI ECONOMIC DEVELOPMENT DISTRICT OF OKLAHOMA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

Year Ended June 30, 2024

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

2023-01 Internal Controls over Securing Public Funds

Criteria: §62-511 to §62-513 require all political subdivisions of the State of Oklahoma to secure funds on deposit with banking institutions. The United States generally accepted accounting principles (GAAP) requires disclosure of all cash balances that are uninsured and uncollateralized.

Condition: As of June 30, 2023, the Kiamichi Economic Development District of Oklahoma had \$1,343,926 deposited in Latimer State Bank which was not insured by FDIC and had not collateral pledged.

Cause and Effect: Cash deposits exceeding FDIC coverage and/or collateral pledges are at risk of being lost if the bank becomes insolvent.

Recommendation: Management and the board should have an agreement in place with all banking institutions to provide collateral pledges on all funds in excess of FDIC coverage.

Status: This finding was resolved.

Section III – Findings Required to be Reported in Accordance with Uniform Guidance:

None reported.

**KIAMICHI ECONOMIC DEVELOPMENT DISTRICT OF OKLAHOMA
CORRECTIVE ACTION PLAN**

Year Ended June 30, 2024

**2024-001 ALN: 93.044, 93.045, and 93.053 NON-COMPLIANCE WITH AUDITEE
RESPONSIBILITIES RELATED TO REPORTING REQUIREMENTS UNDER UNIFORM
GUIDANCE**

The auditee concurs with the finding and has implemented a process to ensure timely submission in the future.