

**KIAMICHI ECONOMIC
DEVELOPMENT
DISTRICT OF
OKLAHOMA**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

KIAMICHI ECONOMIC DEVELOPMENT DISTRICT OF OKLAHOMA
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MICHAEL W. GREEN
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To the Board of Directors
Kiamichi Economic Development District of Oklahoma
Wilburton, Oklahoma

Opinion

I have audited the accompanying modified cash basis financial statements of the Kiamichi Economic Development District of Oklahoma (KEDDO), as of and for the year ended June 30, 2023, 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 modified cash basis financial position of KEDDO as of June 30, 2023, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

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.

Emphasis of Matter—Basis of Accounting

I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances, 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.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the modified cash basis 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 December 4, 2023, 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 Organization's internal control over financial reporting and compliance.

Regards,

A handwritten signature in black ink, appearing to read "Mike Green". The signature is stylized with a large, looped "G" and a cursive "Green".

Michael Green, CPA
Stilwell, Oklahoma
December 4, 2023

KIAMICHI ECONOMIC DEVELOPMENT DISTRICT OF OKLAHOMA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2023

	Governmental Activities
Assets	
Current assets	
Cash and cash equivalents	\$ 1,690,485
Restricted cash and cash equivalents	308,386
Total current assets	1,998,871
Noncurrent assets	
Buildings, property and equipment	142,312
Less accumulated depreciation	(98,834)
Total noncurrent assets	43,478
Total assets	\$ 2,042,349
Liabilities	
Total liabilities	\$ -
Net position (Note 1)	
Net Investment in capital assets	43,478
Unrestricted	1,998,871
Total net position	\$ 2,042,349

The accompanying notes and auditor's report are an integral part of this statement.

**KIAMICHI ECONOMIC DEVELOPMENT DISTRICT OF OKLAHOMA
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2023**

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	\$ 4,581,462	\$ -	\$ 5,057,565	\$ -	\$ 476,103
Total government activities	<u>4,581,462</u>	<u>-</u>	<u>5,057,565</u>	<u>-</u>	<u>476,103</u>
General revenues					
Investment earnings					132,643
Total general revenues and transfers					<u>132,643</u>
Change in net position					608,746
Net position, beginning of year					75,089
Prior Period Adjustment					<u>1,358,514</u>
Net position, end of year					<u>\$ 2,042,349</u>

**KIAMICHI ECONOMIC DEVELOPMENT DISTRICT OF OKLAHOMA
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	<u>General Fund</u>	<u>Total General Fund</u>
Assets		
Cash and cash equivalents	\$ 1,690,485	\$ 1,690,485
Restricted cash and investments	308,386	308,386
Total assets	<u>1,998,871</u>	<u>1,998,871</u>
Liabilities		
Total liabilities	\$ -	
Fund Balance (Note 1.D.)		
Unassigned	<u>1,998,871</u>	
Total fund balances	<u>1,998,871</u>	
Total liabilities and fund balances	<u>\$ 1,998,871</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.
The cost of the assets is \$142,312 The accumulated depreciation is \$ 98,834
Net effect for reconciliation

	<u>43,478</u>
Net position of governmental activities	<u>\$ 2,042,349</u>

The accompanying notes and auditor's report are an integral part of this statement.

**KIAMICHI ECONOMIC DEVELOPMENT DISTRICT OF OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	General Fund
Revenues:	
Federal grants	\$ 1,956,907
State grants and appropriations	3,100,658
Local charges and services	83,338
Investment income	9,683
In-kind revenue	6,000
Match revenue	33,622
Total revenues	5,190,208
Expenditures:	
Salaries	506,431
Fringe benefits	184,963
Indirect costs	60,511
Travel	75,732
In-kind expense	6,000
Capital outlay	36,444
Other expenses	1,921,838
Pass-through grants	1,822,577
Total expenditures paid	4,614,496
Change in Fund balance	575,712
Fund balances, beginning of year	4,407
Prior Period Adjustment	1,418,752
Fund balances, end of year	\$ 1,998,871

The accompanying notes and auditor's report are an integral part of this statement.

**KIAMICHI ECONOMIC DEVELOPMENT DISTRICT OF OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE, CONTINUED - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

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	\$	575,712
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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:

Net additions to fixed assets		36,444
Depreciation		(3,410)

Change in net position of governmental activities	\$	608,746
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The accompanying notes and auditor's report are an integral part of this statement.

Kiamichi Economic Development District of Oklahoma

Notes to the Financial Statements

June 30, 2023

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 modified cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

Change in Basis of Presentation

In previous years KEDDO prepared its financial statements using accounting principles generally accepted in the United States of America, which were substantially the same as the modified cash basis of accounting. During the fiscal 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. It has adopted the modified cash basis of accounting for financial statement reporting. There were substantial differences between accounting principles generally accepted in the United States of America and the modified cash basis in 2022, therefore a prior period adjustment was necessary to convert them to the modified cash basis.

Government-Wide Financial Statements

The statement of net position and activities are reported on a modified cash basis of accounting and the economic resources measurement focus. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for certain modifications that have substantial support in generally accepted accounting principles. KEDDO has chosen to include adjustments for the following balances arising from cash transactions:

Capital assets and the depreciation of those assets, where applicable

As a result of the use of this modified cash basis of accounting, certain assets, and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and accrued revenue and receivable) and certain liabilities and their related expenses (such as accounts payable and

expenses for goods or services received but not year paid, and accrued expenses and liabilities) are not recorded in these financial statements.

As a result of KEDDO's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and sick leave) and compensatory time earned but unpaid at year-end, and any employer-related costs earned and unpaid, are not reflected in the financial statements as liabilities, but are normally reported as a commitment disclosure.

Governmental Funds

The governmental funds are reported on a modified cash basis of accounting. Only current financial assets and liabilities arising from cash transactions are generally included on the fund balance sheet. The operating statements present sources and uses of available spendable financial resources during a given period. These fund financial statements use fund balance as their measure of available spendable financial resources at the end of the period.

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 Assets. 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 Organization Commission action or management decision when KEDDO Commission 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, 2023, for the governmental funds are as follows:

Fund Balances:	General
Restricted for:	<u>Fund</u>
Unassigned	<u>\$ 1,998,871</u>
Total Fund Balances	<u><u>\$ 1,998,871</u></u>

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 the modified cash basis requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period (such as estimated useful lives in determining depreciation expense.) Accordingly, actual results could differ from those estimates.

Prior Period Adjustment

A prior period adjustment was made for the change to the modified cash 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 Organization 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, 2023, KEDDO'S bank balances were undercollateralized by \$1,343,926.

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, 2023, 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, 2023, KEDDO and the Public Works Authority 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 75% invested with one financial institution.

RESTRICTED REVENUES

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

CAPITAL ASSETS

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

	June 30, 2022 Beginning Balance	Additions	Deletions	June 30, 2023 Ending Balance
<i>Governmental activities:</i>				
Other capital assets:				
Buildings and improvements	\$ 51,920	\$ 36,444	\$ -	\$ 88,364
Equipment	6,757	-	-	6,757
Furniture and fixtures	47,191	-	-	47,191
Total other capital assets at historical cost	<u>105,868</u>	<u>36,444</u>	<u>-</u>	<u>142,312</u>
Less accumulated depreciation for:				
Buildings and improvements	47,076	2,059	-	49,135
Equipment	1,157	1,351	-	2,508
Furniture and fixtures	47,191	-	-	47,191
Total accumulated depreciation	<u>95,424</u>	<u>3,410</u>	<u>-</u>	<u>98,834</u>
Other capital assets, net	<u>10,444</u>	<u>33,034</u>	<u>-</u>	<u>43,478</u>
Governmental activities capital assets, net	<u>\$ 10,444</u>	<u>\$ 33,034</u>	<u>\$ -</u>	<u>\$ 43,478</u>

NOTE 4: OTHER NOTES

PENSION PLANS

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.

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.

The OPERS contributions are as follows:

Fiscal Year	Required Contributions	Amount Contributed
2023	\$ 64,898	\$ 64,898
2022	68,800	68,800
2021	65,491	65,491
2020	59,211	59,211
2019	58,946	58,946

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.

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 2023, 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 Organization "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.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 4, 2023, which is the date the financial statements were available to be issued.

Kiamichi Economic Development District of Oklahoma
 Balance Sheet by Program-Modified Cash Basis
 For The Year Ended June 30, 2023

	MGMT & GENERAL	MASONIC	AAA	MIPPA	CENA	EDA	RURAL FIRE	CDBG	REAP	STATE APPROP	ARPA	TOTAL
ASSETS												
CASH AND CASH EQUIVALENTS	\$ (230,500)	\$ 35,167	\$ (51,892)	\$ 8,266	\$ (31,127)	\$ (14,205)	\$ (8,121)	\$ (90,965)	\$ 2,027,952	\$ (1,136)	\$ 47,046	\$ 1,690,485
INVESTMENTS	29,750							278,636				308,386
TOTAL ASSETS	(200,750)	35,167	(51,892)	8,266	(31,127)	(14,205)	(8,121)	187,671	2,027,952	(1,136)	47,046	1,998,871
FUND BALANCE												
UNASSIGNED	(200,750)	35,167	(51,892)	8,266	(31,127)	(14,205)	(8,121)	187,671	2,027,952	(1,136)	47,046	1,998,871
TOTAL OPERATING EXPENDITURES	\$ (200,750)	\$ 35,167	\$ (51,892)	\$ 8,266	\$ (31,127)	\$ (14,205)	\$ (8,121)	\$ 187,671	\$ 2,027,952	\$ (1,136)	\$ 47,046	\$ 1,998,871

The accompanying notes and auditor's report are an integral part of this statement.

Kiamichi Economic Development District of Oklahoma
Statement of Revenues and Expenditures by Program-Modified Cash Basis
For The Year Ended June 30, 2023

	MGMT & GENERAL	MASONIC	AAA	MIPPA	CENA	EDA	RURAL FIRE	CDBG	REAP	STATE APPROP	ARPA	TOTAL
REVENUES:												
FEDERAL GRANTS	\$ -	\$ -	\$ 1,742,300	\$ 14,064	\$ -	\$ 108,072	\$ -	\$ -	\$ -	\$ -	\$ 92,471	\$ 1,956,907
STATE GRANTS AND APPROP	-	-	165,996	-	221,078	-	71,444	-	2,628,958	13,182	-	3,100,658
LOCAL CHARGES AND SERVICES	19,720	59,487	4,131	-	-	-	-	-	-	-	-	83,338
INVESTMENT INCOME	185	-	-	-	-	-	-	9,498	-	-	-	9,683
IN-KIND REVENUE	-	-	-	-	-	6,000	-	-	-	-	-	6,000
MATCH REVENUE	-	-	22,122	-	-	11,500	-	-	-	-	-	33,622
TOTAL REVENUE	19,905	59,487	1,934,549	14,064	221,078	125,572	71,444	9,498	2,628,958	13,182	92,471	5,190,208
EXPENDITURES												
SALARIES	64,975	-	221,388	-	11,303	46,709	39,388	14,311	83,580	-	24,777	506,431
FRINGE BENEFITS	8,841	-	73,857	-	69	12,997	25,887	5,364	52,784	-	5,164	184,963
INDIRECT COSTS	50,224	-	5,147	1,814	-	1,348	638	440	-	-	900	60,511
TRAVEL	840	-	45,769	532	-	13,423	6,814	3,370	-	-	4,984	75,732
IN-KIND EXPENSE	-	-	-	-	-	6,000	-	-	-	-	-	6,000
CAPITAL OUTLAY	36,444	-	-	-	-	-	-	-	-	-	-	36,444
OTHER EXPENSE	(99,332)	41,527	1,736,529	-	216,078	-	-	3,800	-	13,636	9,600	1,921,838
PASS-THROUGH GRANTS	10,307	-	-	-	-	-	-	-	1,812,270	-	-	1,822,577
TOTAL OPERATING EXPENDITURES	72,299	41,527	2,082,690	2,346	227,450	80,477	72,727	27,285	1,948,634	13,636	45,425	4,614,496
CHANGE IN PROGRAM BALANCE	\$ (52,394)	\$ 17,960	\$ (148,141)	\$ 11,718	\$ (6,372)	\$ 45,095	\$ (1,283)	\$ (17,787)	\$ 680,324	\$ (454)	\$ 47,046	\$ 575,712

The accompanying notes and auditor's report are an integral part of this statement.

**KIAMICHI ECONOMIC DEVELOPMENT DISTRICT OF OKLAHOMA
STATEMENT OF EXPENDITURES OF FEDERAL AWARDS - MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2023**

Federal grantor/Pass-through Grantor Program or Cluster Title	Assistance Listing #	Pass-through Entity Number/Description	Amount Passed-through	Total Expenditures
U.S. Dept of Health and Human Services				
<i>Passed through Oklahoma Dept of Health and Human Services</i>				
Aging Cluster				
Title III, Part B Admin	93.044	N/A	\$ -	\$ 21,293
Title VII	93.041	N/A	-	3,611
Title III, Part B Grants for Supportive Services & Senior Centers	93.044	N/A	133,526	192,407
Title III, Part C-1 Nutrition Services	93.045	N/A	370,977	405,876
Title III, Part C-2 Nutrition Services	93.045	N/A	259,499	280,525
Title III, Part D Prev	93.043	N/A	22,839	22,839
Title III, Part E Care Giver Support	93.052	N/A	28,160	41,241
Nutrition Services Incentive Program	93.053	N/A	25,279	25,279
Total Aging Cluster - Passed through Oklahoma Department of Health and Human Services			<u>840,280</u>	<u>993,071</u>
<i>Total U.S. Department of Health and Human Services</i>			<u>840,280</u>	<u>993,071</u>
U.S. Department of Treasury				
<i>Passed through Rural Counties</i>				
COVID - ARP	21.XXX	N/A	-	92,471
Total Passed through Rural Counties			<u>-</u>	<u>92,471</u>
<i>Total U.S. Department of Treasury</i>			<u>-</u>	<u>92,471</u>
U.S. Department of Commerce				
Economic Development Planning Assistance	11.301	N/A	-	70,000
<i>Total U.S. Department of Commerce</i>			<u>-</u>	<u>70,000</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 840,280</u>	<u>\$ 1,155,542</u>

The accompanying notes and auditor's report are an integral part of this statement.

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

Year Ended June 30, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2023. 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 the Agency, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Agency.

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. The Agency has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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, modified cash basis financial statements of the Kiamichi Economic Development District of Oklahoma (KEDDO), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise KEDDO's basic financial statements and have issued my report thereon dated December 4, 2023. The report included an emphasis-of-matter paragraph related to the Town's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Organization'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 Organization's internal control. Accordingly, I do not express an opinion on the effectiveness of Organization'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items (2023-01) that I consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Organization'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 instances of noncompliance or other matters that are

required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items (2023-01).

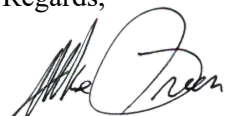
Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on KEDDO's response to the findings identified in my audit and described in the accompanying schedule of findings and questioned costs. KEDDO's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

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 "Michael Green". The signature is stylized with a large, looped initial "M" and a cursive "Green".

Michael Green, CPA
Stilwell, Oklahoma

December 4, 2023

MICHAEL W. GREEN
Certified Public Accountant

827 W. Locust St.
Stilwell, Ok. 74960
(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 (the Organization of 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 Organization's major federal programs for the year ended June 30, 2023. The Organization'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 Organization 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, 2023.

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 Organization 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 Organization'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 Organization'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 Organization'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 Organization'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 Organization'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 Organization'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 Organization'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

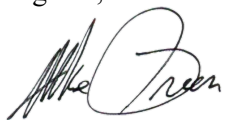
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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
December 4, 2023

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

Year Ended June 30, 2023

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)? _____ X yes _____ 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)? _____ yes _____ X no

Identification of major federal programs:

<u>Program</u>	<u>CFDA Number</u>
Aging Cluster:	93.041, 93.043.
Title III, Parts B, C, D and E	93.044, 93.045,
Nutrition Services	93.052 and 93.053

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

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

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

Year Ended June 30, 2023

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.

Responsible Official's Response: Management concurs with the recommendation and will strive to implement procedures to mitigate the risks associated with uninsured public funds and will comply with applicable State Statutes.

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

None to report for the June 30, 2023 period.

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

Year Ended June 30, 2023

There were no audit findings for the year ended June 30, 2022 that require preparation of a summary of prior audit findings.

Corrective Action Plan:

No corrective action plan is required.