

**Kiamichi Economic Development  
District of Oklahoma**

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

**June 30, 2022**

# Kiamichi Economic Development District of Oklahoma

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**HINKLE &  
COMPANY**  
Strategic PC  
Business Advisors

## **Independent Auditor's Report**

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

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Kiamichi Economic Development District of Oklahoma (the Organization of KEDDO) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprises of the Organization's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

The Organization's 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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and other benefit plan analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of



America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the combining statements as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2022 on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kiamichi Economic Development District of Oklahoma's internal control over financial reporting and compliance.

*Hick & Company, PC*

Tulsa, Oklahoma  
October 24, 2022



# **Kiamichi Economic Development District of Oklahoma**

## **Management's Discussion and Analysis**

### **June 30, 2022**

This section of Kiamichi Economic Development District of Oklahoma's (the District's) financial statements presents management's discussion and analysis of the District's financial performance during the year ending June 30, 2022. Since this management's discussion and analysis is designed to focus on current activities, resulting change, and current known facts, it should be read in conjunction with the District's basic financial statements and footnotes. The overview of the financial statements and financial analysis is presented for fiscal year 2022, with fiscal year 2021.

#### **Financial Analysis of the District as a Whole**

The basic financial statements of the District are the Government Wide Statement of Net Position and Statement of Activities. The Statement of Financial Net Position presents the financial position of the District at June 30, 2022. The Statement of Activities summarizes the District's financial results by activity for the year ending June 30, 2022. The Fund financial statements show the balance sheets and the changes in fund balance for the individual major funds of the District and the total of the non-major funds.

The District's building trust is reported as the business-type activities and is included in a separate column within the Government Wide Financial Statements.

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

#### **Statement of Net Position**

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

Liabilities include accounts payable, accrued expenses, and deferred revenue. Once the expenses are paid, the Special Revenue Fund requests reimbursement from the grant and repays the General Fund upon receipt.

Total assets of the District decreased by \$69,000 in FY 2022.

# Kiamichi Economic Development District of Oklahoma

## Management's Discussion and Analysis

### June 30, 2022

Following is a comparison of the summarized financial position and net position – Governmental Funds of the District at June 30, 2022, and 2021:

	<b>2022</b> <i>(000's)</i>	<b>2021</b> <i>(000's)</i>
<b>Assets</b>		
Cash & Investments	\$ 1,209	\$ 1,113
Accounts Receivable	528	714
OPEB & Capital Assets	41	20
Total Assets	<u>1,778</u>	<u>1,847</u>
<b>Deferred Outflow of Resources</b>		
Deferred pension	84	141
Deferred OPEB	6	9
Total Outflow	<u>90</u>	<u>150</u>
<b>Liabilities</b>		
Accounts Payable	284	449
Accrued Expenses	14	22
Deferred Revenue	1,434	1,325
Pension Liability	(300)	180
Total Liabilities	<u>1,432</u>	<u>1,976</u>
<b>Deferred Inflows of Resources</b>		
Deferred Pension	342	1
Deferred OPEB	19	8
Total Inflow	<u>361</u>	<u>9</u>
<b>Net Position</b>		
Net investment in assets	10	10
Unrestricted	0	0
Undesignated	0	0
Board Designated	65	2
Total Net Position	<u>\$ 75</u>	<u>\$ 11</u>

### **Statement of Revenues, Expenses, and Changes in Net Position**

Revenues include Federal and state grants that are renewable each year. These revenues decreased by \$708,000 in 2022. This was largely in part to Federal coronavirus funds used last fiscal year. Local grants remained consistent over the past 2 years. Other revenues of the District remained consistent over the past 2 years.

The District's operating expenses are classified by natural classification, including pass-through grants, employee compensation, fringe benefits, and contractual services, etc. In FY 2022, operating expenses increased by \$566,000. All other operating expenses remained consistent with the previous year. This increase can, in part, be attributed to the higher indirect costs associated with operating the District's larger funded programs, the cost of maintaining 2

**Kiamichi Economic Development District of Oklahoma**  
**Management's Discussion and Analysis**  
**June 30, 2022**

Executive Director's salary/fringe during transition and a significant change in travel expenses as compared to 2021.

Following is a comparison of operating results for the years ended June 30, 2022, and 2021:

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

	<b>2022</b> <i>(000's)</i>	<b>2021</b> <i>(000's)</i>
<b>Operating Revenues</b>		
Federal Grants	\$ 1,190	\$ 1,106
State Grants	1,383	2,175
Local Grants	82	99
Other	82	66
Total	<u>2,737</u>	<u>3,446</u>
<b>Operating Expenses</b>		
Pass-through Grants	3,102	2,634
Wages	420	398
Contract labor	0	0
Fringe Benefits	348	319
Indirect Costs	(147)	(138)
Other	223	167
Total	<u>3,946</u>	<u>3,380</u>
<b>Transfers</b>	Total	0
	1,182	0
<b>Change in fund balance</b>	<u>(27)</u>	<u>66</u>
<b>Fund Balance at Beginning of Year</b>	<u>31</u>	<u>(35)</u>
<b>Fund Balance at End of Year</b>	<u>\$ 4</u>	<u>\$ 31</u>

**Conclusion**

EDA Cares Act and emergency funding for Coronavirus made a significant impact on federal revenue for the District. An increase in 2023 State Appropriations which is used to match AAA and EDA grants will help lower the expense to the Trust. The state of Oklahoma Legislature has indicated that REAP will increase, if not double, in the next fiscal year. This increase in REAP will allow for more funding for personnel wages and fringe and offset some of the indirect costs associated in operating such a large program. The District continues to look for ways to improve operating efficiencies and locate new revenues. Through comprehensive planning, program prioritization, prudent budgeting and tough decision making, the District is positioned to continue its commitment to changing lives throughout eastern Oklahoma.

**Kiamichi Economic Development District of Oklahoma**  
Management's Discussion and Analysis  
June 30, 2022

Administrative revenue from special Department of Treasury federal relief funding for counties will also alleviate expenses for the Trust in 2023.

## **Basic Financial Statements**

**Kiamichi Economic Development District of Oklahoma**  
Statement of Net Position  
June 30, 2022

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash	\$ 910,114
Investments	298,703
Accounts receivable	528,483
OPEB asset	30,787
Capital assets, net	10,443
Total Assets	<u>1,778,530</u>
 <b>Deferred Outflows of Resources</b>	
Deferred amounts related to pension	83,679
Deferred amounts related to OPEB	6,695
	<u>90,374</u>
 <b>Liabilities</b>	
Accounts payable	284,003
Accrued expenses	14,308
Pension liability	(300,555)
Deferred revenue	1,434,582
	<u>1,432,338</u>
 <b>Deferred Inflows of Resources</b>	
Deferred amounts related to pension	342,731
Deferred amounts related to OPEB	18,746
	<u>361,477</u>
 <b>Net Position</b>	
Net investment in capital assets	10,443
Unrestricted	
Undesignated	-
Board Designated	64,646
	<u>75,089</u>
	<u><u>\$ 75,089</u></u>

## Statement of Activities

### June 30, 2022

<b>Expenditures</b>	<b>Charges Services</b>	<b>Operating Grants &amp; Contributions</b>	<b>Governmental Activities</b>
\$ 171,275	\$ -	\$ 148,011	\$ (23,264)
1,721,131	-	1,824,705	103,574
287,468	-	287,468	-
324,489	-	276,297	(48,192)
<u>259,020</u>	<u>-</u>	<u>285,552</u>	<u>26,532</u>
<u>\$ 2,763,383</u>	<u>\$ -</u>	<u>\$ 2,822,033</u>	58,650
<b>General Revenues:</b>			
Interest and Other Income			<u>4,998</u>
<b>Change in Net Position</b>			63,648
<b>Net Position, <i>beginning of year</i></b>			<u>11,441</u>
<b>Net Position, <i>end of year</i></b>			\$ <u>75,089</u>

**Kiamichi Economic Development District of Oklahoma**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

	<b>General Fund</b>	<b>Aging Services</b>	<b>Rural Economic Action Plan</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>					
Cash and cash equivalents	\$ (424,160)	\$ 73,557	\$ 1,337,934	\$ (77,217)	\$ 910,114
Investments	298,703	-	-	-	298,703
Accounts receivable	275	258,332	128,958	140,918	528,483
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	\$ <u>(125,182)</u>	\$ <u>331,889</u>	\$ <u>1,466,892</u>	\$ <u>63,701</u>	\$ <u>1,737,300</u>
<b>Liabilities</b>					
Accounts payable	\$ 381	\$ 221,996	\$ 61,626	\$ -	\$ 284,003
Accrued expense	14,308	-	-	-	14,308
Deferred revenue	-	-	1,405,266	29,316	1,434,582
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>14,689</u>	<u>221,996</u>	<u>1,466,892</u>	<u>29,316</u>	<u>1,732,893</u>
<b>Fund Balance</b>					
Unrestricted					
Undesignated	(320,329)	-	-	-	(320,329)
Board designated	180,458	109,893	-	34,385	324,736
	<u>(139,871)</u>	<u>109,893</u>	<u>          </u>	<u>34,385</u>	<u>4,407</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balance	\$ <u>(125,182)</u>	\$ <u>331,889</u>	\$ <u>1,466,892</u>	\$ <u>63,701</u>	\$ <u>1,737,300</u>

**Kiamichi Economic Development District of Oklahoma**  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
June 30, 2022

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

<b>Total Fund Balance of Governmental Funds</b>	\$ 4,407
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$158,897.	10,443
Long-term liabilities and related items are not due and payable in the current year and therefore, are not reported in governmental funds. These include the following items:	
Pension liabilities	300,555
Pension related deferred outflows	83,679
Pension related deferred inflows	(342,731)
OPEB assets	30,787
OPEB related deferred outflows	6,695
OPEB related deferred inflows	<u>(18,746)</u>
<b>Total Net Position of Governmental Activities</b>	<b>\$ <u>75,089</u></b>

**Kiamichi Economic Development District of Oklahoma**  
**Statement of Revenue, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

	<b>General Fund</b>	<b>Aging Services</b>	<b>Rural Economic Action Plan</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>					
Federal grants	\$ -	\$ 972,862	\$ -	\$ 217,197	\$ 1,190,059
State grants and appropriations	275	773,964	287,468	321,980	1,383,687
Local charges and services	20,638	55,798	-	5,172	81,608
Members' dues and assessments	37,000	-	-	-	37,000
Investment income	4,998	-	-	-	4,998
In-kind revenue	-	-	-	6,000	6,000
Other revenue	-	-	-	-	-
Match revenue	-	22,082	-	11,500	33,582
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	62,911	1,824,706	287,468	561,849	2,736,934
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Expenditures</b>					
Salaries	77,861	154,897	43,558	143,288	419,604
Fringe benefits	48,809	150,481	33,817	115,037	348,144
Indirect costs	(146,637)	-	-	-	(146,637)
Travel	2,121	25,379	-	25,209	52,709
In-kind expense	-	-	-	6,000	6,000
Capital outlay	-	-	-	-	-
Other expenses	94,743	24,936	-	44,079	163,758
Pass-through grants	-	1,486,635	1,411,341	203,993	3,101,969
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	76,897	1,842,328	1,488,716	537,606	3,945,547
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Transfers</b>	(95,709)	121,888	1,201,248	(45,902)	1,181,525
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Change in Fund Balance</b>	(109,695)	104,266	-	(21,659)	(27,088)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Balance, beginning of year</b>	(30,176)	5,627	-	56,044	31,495
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Balance, end of year</b>	\$ (139,871)	\$ 109,893	\$ -	\$ 34,385	\$ 4,407
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**Kiamichi Economic Development District of Oklahoma**  
Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balance of Governmental Funds to the Statement of Activities  
June 30, 2022

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

<b>Net Change in Fund Balance of Governmental Funds</b>	\$ (27,088)
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Governmental funds report capital outlays and issue costs as expenditures, while governmental activities report depreciation and amortization expense to allocate those expenditures over the life of the assets:

Capital outlay for building improvements	2,341
Depreciation expense	(1,702)

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

OPEB Obligation, net change	8,627
Pension related expenses, net change	<u>81,470</u>

<b>Change in Net Position of Governmental Activities</b>	<b>\$ <u>63,648</u></b>
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# Kiamichi Economic Development District of Oklahoma

## Notes of the Financial Statements

June 30, 2022

### **Note 1: Summary of Significant Accounting Policies**

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

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

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

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

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

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

### **Basis of Accounting**

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

# Kiamichi Economic Development District of Oklahoma

## Notes of the Financial Statements

June 30, 2022

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

#### **Cash and Cash Equivalents**

The Organization defines cash and cash equivalents to be all cash and certificates of deposit with original maturities of three months or less. Cash equivalents of \$910,114 as of June 30, 2022, were invested with a major local financial institution in a sweep repo account, which invests in treasury obligations.

#### **Accounts Receivable and Allowance for Doubtful Accounts**

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

The Organization's management believes the accounts receivable reflected in the statement of net position to be fully collectible due to the granting agency's ability to receive federal and/or state funds to reimburse grant expenditures. Accordingly, an allowance for doubtful accounts is not reflected in the accompanying financial statements for the years ended June 30, 2022.

#### **Deposits and Investments**

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

#### **Investments**

Investments consist of certificates of deposit with original maturities of more than three months. Investments are carried at fair market value based on the quoted market prices of the underlying securities. Investments for the Organization are reported at fair value.

#### **Land, Building and Equipment**

Fixed assets are recorded at historical cost. Depreciation and accumulated depreciation are recorded for assets purchased with general or special revenue funds that are recorded for \$500 or more. Depreciation on fixed assets is computed on the following estimated useful lives of the assets:

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

**Kiamichi Economic Development District of Oklahoma**  
Notes of the Financial Statements  
June 30, 2022

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

**Annual Budget**

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

**Allocated Expenses**

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

**Concentrations of Credit Risk**

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

**Management Estimates**

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

**Subsequent Events**

Subsequent events have been evaluated through October 24, 2022, which is the date the financial statements were issued.

**Note 2: Cash and Investments**

Deposits with banks and financial institutions are carried at cost. The table presented below is designed to disclose the level of custody credit risk assumed by the Organization based upon how its deposits were insured or secured with collateral at June 30, 2022. The categories of credit risk are defined as follows:

# Kiamichi Economic Development District of Oklahoma

## Notes of the Financial Statements

June 30, 2022

### Note 2: Cash and Investments (Continued)

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

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

*Category 3* - Deposits which are not collateralized or insured.

A summary of the deposits at June 30, 2022 consisted of the following:

Type of Deposits	June 30, 2022				
	Total Bank Balance	Custody (Category 1)	Credit Risk (Category 2)	Uninsured (Category 3)	Carrying Value
Demand Deposits	\$ 1,303,064	\$ 306,989	\$ 150,000	\$ 846,075	\$ 1,208,817

### Investments

Investments consist of the following at June 30, 2022:

Investments	Cost	Fair Value
Certificates of deposits	\$ 29,565	\$ 29,565
Money market funds	269,138	269,138
	<u>\$ 298,703</u>	<u>\$ 298,703</u>

### Note 3: Fair Value Measurement

The methods and assumptions used to estimate the fair value of assets and liabilities in the financial statements, including a description of the methodologies used for the classifications within the fair value hierarchy for financial instruments carried at fair value, are as follows:

*Cash and cash equivalents:* The assets' carrying amounts approximate fair value due to their short maturities.

*Investments:* Investments are carried at fair value and are based on quoted market prices, when available. Generally, quoted market prices are available for cash and common stocks and exchange traded index and mutual funds and as such are classified as Level 1 in the fair value hierarchy. The fair values of certificates of deposit are determined using the income approach. The key inputs include interest rates, maturity dates and yield curves and as such are classified as Level 2.

**Kiamichi Economic Development District of Oklahoma**  
Notes of the Financial Statements  
June 30, 2022

**Note 3: Fair Value Measurement (Continued)**

Assets and liabilities measured at fair value are classified within the fair value hierarchy as follows:

	<b>As of June 30, 2022</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ -	\$ 29,565	\$ -	\$ 29,565
Money market funds	<u>269,138</u>	<u>-</u>	<u>-</u>	<u>269,138</u>
	<u>\$ 269,138</u>	<u>\$ 29,565</u>	<u>\$ -</u>	<u>\$ 298,703</u>

The inputs to the three levels of the fair value hierarchy are described as follows:

Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from, or corroborated by, observable market data by correlation to other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Unobservable and significant to the fair value measurement.

**Kiamichi Economic Development District of Oklahoma**  
Notes of the Financial Statements  
June 30, 2022

**Note 4: Fixed Assets**

A summary of changes in fixed assets for the year ended June 30, 2022, is as follows:

	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022
<b><u>General Fund</u></b>				
Capital assets				
Building	\$ 45,000	\$ -	\$ -	\$ 45,000
Equipment	33,284	-	(28,869)	4,415
Furniture and fixtures	24,034	-	(6,810)	17,224
Total capital assets	<u>102,318</u>	<u>-</u>	<u>(35,679)</u>	<u>66,639</u>
Accumulated depreciation				
Building	(45,000)	-	-	(45,000)
Equipment	(29,016)	(883)	28,869	(1,030)
Furniture and fixtures	(24,034)	-	6,810	(17,224)
Total accumulated depreciation	<u>(98,050)</u>	<u>(883)</u>	<u>35,679</u>	<u>(63,254)</u>
Total General Fund	<u>4,268</u>	<u>(883)</u>	<u>-</u>	<u>3,385</u>
<b><u>Special Revenue Fund</u></b>				
Capital assets				
Equipment	25,381	2,341	(25,381)	2,341
Furniture and fixtures	34,920	-	(4,953)	29,967
Building improvements	6,920	-	-	6,920
Total capital assets	<u>67,221</u>	<u>2,341</u>	<u>(30,334)</u>	<u>39,228</u>
Accumulated depreciation				
Equipment	(25,381)	(127)	25,381	(127)
Furniture and fixtures	(34,920)	-	4,953	(29,967)
Building improvements	(1,384)	(692)	-	(2,076)
Total accumulated depreciation	<u>(61,685)</u>	<u>(819)</u>	<u>30,334</u>	<u>(32,170)</u>
Total Special Revenue Fund	<u>5,536</u>	<u>1,522</u>	<u>-</u>	<u>7,058</u>
Grand Total Capital Assets, Net	<u>\$ 9,804</u>	<u>\$ 639</u>	<u>\$ -</u>	<u>\$ 10,443</u>

# Kiamichi Economic Development District of Oklahoma

## Notes of the Financial Statements

June 30, 2022

### Note 5: Pension Plan

**Plan description** - The District as the employer, participates in Oklahoma Public Employees Retirement Plan a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Title 74 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the OPERS. OPERS issues a publicly available financial report that can be obtained at [www.opers.ok.gov](http://www.opers.ok.gov).

**Benefits provided** - OPERS provides retirement, disability and death benefits to members of the plan.

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

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

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

Benefits are calculated for each member category as follows:

#### Employees

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

**Kiamichi Economic Development District of Oklahoma**  
Notes of the Financial Statements  
June 30, 2022

**Note 5: Pension Plan** (Continued)

**Benefits provided** (Continued)

- The option is irrevocable, must be chosen prior to retirement and is structured to have a neutral actuarial cost to the Plan.
- Members become eligible to vest fully upon termination of employment after attaining eight years of credited service, or the members' contributions may be withdrawn upon termination of employment.

Disability retirement benefits are available for members having eight years of credited service whose disability status has been certified as being within one year of the last day on the job by the Social Security Administration. Disability retirement benefits are determined in the same manner as retirement benefits, but payable immediately without an actuarial reduction.

Upon the death of an active member, the accumulated contributions of the member are paid to the member's named beneficiary(ies) in a single lump sum payment. If a retired member elected a joint annuitant survivor option or an active member was eligible to retire with either reduced or unreduced benefits or eligible to vest the retirement benefit at the time of death, benefits can be paid in monthly payments over the life of the spouse if the spouse so elects.

Upon the death of a retired member, the Plan will pay a \$5,000 death benefit to the member's beneficiary or estate of the member if there is no living beneficiary. The death benefit will be paid in addition to any excess employee contributions or survivor benefits due to the beneficiary.

**Contributions** - The contribution rates for each member category of the Plan are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. Employees are required to contribute 3.5% percent of their annual pay. Participating entities are required to contribute 16.5% of the employees' annual pay. Contributions to the pension plan from the District were \$61,532

**Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2022, the District reported a asset of \$300,555 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The District's proportion of the net pension liability was based on the District's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2022. Based upon this information, the District's proportion was .02239339 percent.

# Kiamichi Economic Development District of Oklahoma

## Notes of the Financial Statements

June 30, 2022

### Note 5: Pension Plan (Continued)

#### **Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

For the year ended June 30, 2022, the District recognized pension expense of \$24,215. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 7,557
Changes of assumptions	22,147	-
Net difference between projected and actual earnings on pension plan investments	-	335,174
Change in proportion and differences between District contributions and proportionate share of contributions	-	-
District's contributions subsequent to measurement date	61,532	-
Total	\$ 83,679	\$ 342,731

As of June 30, 2022, \$83,679, was reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. 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>	
2022	\$ (66,421)
2023	(79,739)
2024	(82,159)
2025	(92,266)
Total	\$ (320,585)

**Actuarial Assumptions** - The total pension liability as of June 30, 2022, was determined based on an actuarial valuation prepared as of July 1, 2021, using the following actuarial assumptions:

- Investment return - 6.50% for 2021 and 2020 compounded annually net of investment expense and including inflation.
- Salary increases - 3.5% to 9.25% for 2021 and 2020.

# Kiamichi Economic Development District of Oklahoma

## Notes of the Financial Statements

June 30, 2022

### Note 5: Pension Plan (Continued)

#### **Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

- Mortality rates - In 2021, Pub-2010 Below Media, General Membership Active/Retiree Healthy 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 - 2.50% for 2021 and 2020.
- Payroll growth - 3.25% for 2021 and 2020.
- Actuarial cost method - Entry age.
- Select period for the termination of employment assumptions - 10 years.

The actuarial assumptions used in the July 1, 2021 valuation are based on the results of the most recent actuarial experience study, which covered the three-year period ending June 30, 2019.

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, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	34.0%	4.7%
U.S. Small Cap Equity	6.0%	5.8%
Int's Developed Equity	23.0%	6.5%
Emerging Market Equity	5.0%	8.5%
Core Fixed Income	25.0%	0.5%
Long Term Treasuries	3.5%	0.0%
U.S. TIPS	3.5%	0.3%
Total	100%	

**Discount Rate** - The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers will be made at the current contribution rate as set out in state statute. Based on those assumptions, the pension plan's fiduciary net position was projected 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.

# Kiamichi Economic Development District of Oklahoma

## Notes of the Financial Statements

June 30, 2022

### Note 5: Pension Plan (Continued)

#### **Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

**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 1-percentage point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

	<b>1% Decrease (5.5%)</b>	<b>1% Current Discount (6.5%)</b>	<b>1% Increase (7.5%)</b>
Employers' net pension liability	\$ <u>(27,903)</u>	\$ <u>(300,555)</u>	\$ <u>(531,011)</u>

**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](http://www.opers.ok.gov).

### Note 6: Other Post-Employment Benefits (OPEB)

**Plan description** - Kiamichi Economic Development District of Oklahoma 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](http://www.ok.gov/OPERS).

**Benefits provided** - OPERS pays a medical insurance supplement to eligible members who elect to maintain health insurance with the Oklahoma Employees Group Insurance Division (EGID) or other qualified insurance plan provided by the employer. This subsidy continues until the retiree terminates health insurance coverage with EGID or other qualified plan, or until death. The subsidy is only for the retiree, not joint annuitants or beneficiaries. The supplement payment is capped at \$105 per month per retiree.

**Contributions** - The contribution rates for each member category of the System are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. An actuarially determined portion of the total contributions to the System are set aside to finance the cost of the benefits of the HISP in accordance with provisions of the Internal Revenue Code. Based on the contribution requirements of the plan employers and employees contribute a single amount based on a single contribution rate as described in Note 6; from this amount OPERS allocates a portion of the contributions to the supplemental health insurance program. Contributions allocated to the OPEB plan from Kiamichi Economic Development District of Oklahoma were \$3.958.

# Kiamichi Economic Development District of Oklahoma

## Notes of the Financial Statements

June 30, 2022

### Note 6: Other Post-Employment Benefits (OPEB) (Continued)

**OPEB Liabilities (Assets), OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** - At June 30, 2022, Kiamichi Economic Development District of Oklahoma reported an asset of \$30,787 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2021. Kiamichi Economic Development District of Oklahoma's proportion of the net OPEB asset was based on Kiamichi Economic Development District of Oklahoma's contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2021. Based upon this information, Kiamichi Economic Development District of Oklahoma's proportion was .02239339 percent.

For the year ended June 30, 2022, Kiamichi Economic Development District of Oklahoma recognized OPEB income of \$8,627. At June 30, 2022, Kiamichi Economic Development District of Oklahoma reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences between expected and actual experience	\$	\$ 9,980
Changes of assumptions	2,737	-
Net difference between projected and actual earnings on OPEB plan investments	-	8,766
Change in proportion and differences between District contributions and proportionate share of contributions	-	-
District's contributions subsequent to measurement date	<u>3,958</u>	<u>-</u>
Total	<u>\$ 6,695</u>	<u>\$ 18,746</u>

**Kiamichi Economic Development District of Oklahoma**  
Notes of the Financial Statements  
June 30, 2022

**Note 6: Other Post-Employment Benefits (OPEB) (Continued)**

The \$6,695 reported as deferred outflows of resources related to OPEB resulting from Kiamichi Economic Development District of Oklahoma'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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	\$ (4,233)
2023	(3,950)
2024	(3,714)
2025	(3,463)
2026	(649)
Total	<u>\$ (16,009)</u>

**Actuarial Assumptions-** The total OPEB asset was determined based on actuarial valuations prepared as of July 1, 2020, using the following actuarial assumptions:

- Investment return - 6.50% for 2021 and 2020 compounded annually net of investment expense and including inflation.
- Salary increases - 3.5% to 9.25% for 2021 and 2020.
- Mortality rates - In 2021, Pub-2010 Below Media, General Membership Active/Retiree Healthy 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 - 2.50% for 2021 and 2020.
- Payroll growth - 3.25% for 2021 and 2020.
- Actuarial cost method - Entry age.
- Select period for the termination of employment assumptions - 10 years.
- Health Care Trend Rate - Not applicable based on how the System is structured and benefit payments are made.

The actuarial assumptions used in the July 1, 2021 valuation are based on the results of the most recent actuarial experience study, which covered the three-year period ending June 30, 2019. The experience study report is dated May 13, 2020.

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

**Kiamichi Economic Development District of Oklahoma**  
Notes of the Financial Statements  
June 30, 2022

**Note 6: Other Post-Employment Benefits (OPEB) (Continued)**

The Target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	34.0%	4.7%
U.S. Small Cap Equity	6.0%	5.8%
Int's Developed Equity	23.0%	6.5%
Emerging Market Equity	5.0%	8.5%
Core Fixed Income	25.0%	0.5%
Long Term Treasuries	3.5%	0.0%
U.S. TIPS	3.5%	0.3%
Total	100%	

**Discount Rate**- A single discount rate of 6.50% was used to measure the total OPRB liability (asset) as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from System 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 benefit payments of current System 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 OPEB Liability (Asset) to Changes in the Discount Rate** - The following presents the net OPEB liability (asset) of the employer calculated using the discount rate of 6.50%, as well as what the Plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease (5.5%)	1% Current Discount (6.5%)	1% Increase (7.5%)
Employers' net OPEB liability (asset)	\$ (23,150)	\$ (30,787)	\$ (37,333)

**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](http://www.ok.gov/OPERS).

**Kiamichi Economic Development District of Oklahoma**  
Notes of the Financial Statements  
June 30, 2022

**Note 7:     Economic Dependency**

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

**Note 8:     Commitments and Contingent Liabilities**

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

## **Required Supplementary Information**

**Kiamichi Economic Development District of Oklahoma**  
Required Supplementary Information  
Schedule of Proportionate Share of Net Pension Liability  
Oklahoma Public Employees' Retirement System  
For the Years ended June 30, 2022

	2019	2020	2021	2022
<b>Proportionate Share of the Net Pension Liability</b>				
Organization's Proportion of the Net Pension Liability	0.02783283%	0.02090767%	0.02017502%	0.02239339%
Organization's Proportionate Share of the Net Pension Liability	\$ 54,286	\$ 27,847	\$ 179,994	\$ (300,555)
Organization's Covered Payroll	\$ 347,525	\$ 354,896	\$ 397,583	\$ 422,295
Organization's Proportionate share of the Net Pension Liability as a Percentage of Covered Payroll	15.62%	7.85%	45.27%	-71.17%
Plan Fiduciary Net Pension as of Percentage of the Total Pension Liability	97.96%	98.63%	91.59%	112.51%
	2016	2017	2018	
<b>Proportionate Share of the Net Pension Liability</b>				
Organization's Proportion of the Net Pension Liability	0.02591111%	0.02323537%	0.02302516%	
Organization's Proportionate Share of the Net Pension Liability	\$ 93,198	\$ 230,548	\$ 124,489	
Organization's Covered Payroll	\$ 390,004	\$ 474,460	\$ 379,108	
Organization's Proportionate share of the Net Pension Liability as a Percentage of Covered Payroll	23.90%	48.59%	32.84%	
Plan Fiduciary Net Pension as of Percentage of the Total Pension Liability	92.50%	62.24%	94.28%	

\* Prior year information is not available.

# Kiamichi Economic Development District of Oklahoma

## Required Supplementary Information Schedule of the Organization's Pension Contributions Oklahoma Public Employees' Retirement System For the Years ended June 30, 2022

	2019	2020	2021	2022
Organization Contributions				
Statutorily Required Contribution	\$ 71,916	\$ 55,027	\$ 55,330	\$ 61,532
Contributions in Relation to the Statutorily Required Contribution	<u>(71,916)</u>	<u>(55,027)</u>	<u>(55,330)</u>	<u>(61,532)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Organization's Covered Payroll	\$ 347,525	\$ 354,896	\$ 397,583	\$ 422,295
Contributions as a Percentage of Covered Payroll	20.69%	15.51%	13.92%	14.57%

	2016	2017	2018
Organization Contributions			
Statutorily Required Contribution	\$ 75,578	\$ 68,875	\$ 61,937
Contributions in Relation to the Statutorily Required Contribution	<u>(75,578)</u>	<u>(68,875)</u>	<u>(61,937)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Organization's Covered Payroll	\$ 390,004	\$ 474,460	\$ 379,108
Contributions as a Percentage of Covered Payroll	19.38%	14.52%	16.34%

\* Prior year information is not available.

# Kiamichi Economic Development District of Oklahoma

## Required Supplementary Information Schedule of Proportionate Share of Net OPEB Liability Oklahoma Public Employees' Retirement System For the Years ended June 30, 2022

	2020	2021	2022
<b>Proportionate Share of the Net OPEB Liability</b>			
Organization's Proportion of the Net OPEB Liability	0.02090767%	0.02017502%	0.02239339%
Organization's Proportionate Share of the Net OPEB Asset/Liability	\$ (8,128)	\$ (9,459)	\$ (30,787)
Organization's Covered Payroll	\$ 354,896	\$ 397,583	\$ 422,295
Organization's Proportionate share of the Net OPEB Liability as a Percentage of Covered Payroll	-2.29%	-2.38%	-7.29%
Plan Fiduciary Net OPEB as of Percentage of the Total OPEB Asset/Liability	112.11%	114.27%	142.87%

	2018	2019
<b>Proportionate Share of the Net OPEB Liability</b>		
Organization's Proportion of the Net OPEB Liability	0.02323537%	0.02302516%
Organization's Proportionate Share of the Net OPEB Asset/Liability	\$ 2,637	\$ (3,602)
Organization's Covered Payroll	\$ 379,108	\$ 347,525
Organization's Proportionate share of the Net OPEB Liability as a Percentage of Covered Payroll	0.70%	-1.04%
Plan Fiduciary Net OPEB as of Percentage of the Total OPEB Asset/Liability	96.50%	103.94%

\* Prior year information is not available.

# Kiamichi Economic Development District of Oklahoma

## Required Supplementary Information Schedule of the Organization's OPEB Contributions Oklahoma Public Employees' Retirement System For the Years ended June 30, 2022

	2020	2021	2022
Organization Contributions			
Statutorily Required Contribution	\$ 3,919	\$ 3,881	\$ 3,958
Contributions in Relation to the Statutorily Required Contribution	(3,919)	(3,881)	(3,958)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Organization's Covered Payroll	\$ 354,896	\$ 397,583	\$ 422,295
Contributions as a Percentage of Covered Payroll	1.10%	0.98%	0.94%

	2018	2019
Organization Contributions		
Statutorily Required Contribution	\$ 4,335	\$ 5,311
Contributions in Relation to the Statutorily Required Contribution	(4,335)	(5,311)
Contribution Deficiency (Excess)	\$ -	\$ -
Organization's Covered Payroll	\$ 379,108	\$ 347,525
Contributions as a Percentage of Covered Payroll	1.14%	1.53%

\* Prior year information is not available.

## **Other Information**

**Kiamichi Economic Development District of Oklahoma**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2022

	Masonic	SCHIP	MIPPA	SMP	State Approp	CENA	EDA	Rural Fire	Total
<b>Assets</b>									
Cash and cash equivalents	\$ -	\$ 2,354	\$ 6,362	\$ 21,711	\$ (682)	\$ (73,867)	\$ (26,257)	\$ (6,838)	\$ (77,217)
Investments	-	-	-	-	-	-	-	-	-
Accounts receivable	-	2,083	1,250	625	682	73,867	55,573	6,838	140,918
Total Assets	<u>\$ -</u>	<u>\$ 4,437</u>	<u>\$ 7,612</u>	<u>\$ 22,336</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,316</u>	<u>\$ -</u>	<u>\$ 63,701</u>
<b>Liabilities</b>									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expense	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	29,316	-	29,316
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,316</u>	<u>-</u>	<u>29,316</u>
<b>Fund Balance</b>									
Unrestricted									
Undesignated	-	-	-	-	-	-	-	-	-
Board designated	-	4,437	7,612	22,336	-	-	-	-	34,385
	<u>-</u>	<u>4,437</u>	<u>7,612</u>	<u>22,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,385</u>
Total Liabilities and Fund Balance	<u>\$ -</u>	<u>\$ 4,437</u>	<u>\$ 7,612</u>	<u>\$ 22,336</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,316</u>	<u>\$ -</u>	<u>\$ 63,701</u>

**Kiamichi Economic Development District of Oklahoma**  
Combining Statement of Revenue, Expenditures and Change in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2022

	Masonic	SCHIP	MIPPA	SMP	State Approp	CENA	EDA	Rural Fire	Total
<b>Revenues</b>									
Federal grants	\$ -	\$ -	\$ 12,500	\$ 6,900	\$ -	\$ -	\$ 197,797	\$ -	\$ 217,197
State grants and appropriations	-	30,444	-	7,625	8,182	214,729	-	61,000	321,980
Local charges and services	-	-	-	5,172	-	-	-	-	5,172
Members' dues and assessments	-	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-	-
In-kind revenue	-	-	-	-	-	-	6,000	-	6,000
Other revenue	-	-	-	-	-	-	-	-	-
Match revenue	-	-	-	-	-	-	11,500	-	11,500
<b>Total Revenues</b>	<u>-</u>	<u>30,444</u>	<u>12,500</u>	<u>19,697</u>	<u>8,182</u>	<u>214,729</u>	<u>215,297</u>	<u>61,000</u>	<u>561,849</u>
<b>Expenditures</b>									
Salaries	-	-	-	-	-	265	106,633	36,390	143,288
Fringe benefits	-	5,590	3,432	2,797	-	10,471	70,826	21,921	115,037
Indirect costs	-	-	-	-	-	-	-	-	-
Travel	-	1,019	-	-	-	-	21,609	2,581	25,209
In-kind expense	-	-	-	-	-	-	6,000	-	6,000
Capital outlay	-	-	-	-	-	-	-	-	-
Other expenses	19,246	3,708	1,456	1,150	8,182	-	10,229	108	44,079
Pass-through grants	-	-	-	-	-	203,993	-	-	203,993
<b>Total Expenditures</b>	<u>19,246</u>	<u>10,317</u>	<u>4,888</u>	<u>3,947</u>	<u>8,182</u>	<u>214,729</u>	<u>215,297</u>	<u>61,000</u>	<u>537,606</u>
<b>Transfers</b>	<u>(28,946)</u>	<u>(15,690)</u>	<u>(7,269)</u>	<u>6,003</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,902)</u>
<b>Change in Fund Balance</b>	(48,192)	4,437	343	21,753	-	-	-	-	(21,659)
<b>Fund Balance, beginning of year</b>	<u>48,192</u>	<u>-</u>	<u>7,269</u>	<u>583</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,044</u>
<b>Fund Balance, end of year</b>	<u>\$ -</u>	<u>\$ 4,437</u>	<u>\$ 7,612</u>	<u>\$ 22,336</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,385</u>

See Accompanying Independent Auditor's Report.

# Kiamichi Economic Development District of Oklahoma

## Combining Balance Sheet

### General Funds

June 30, 2022

	17 CDBG	19 General	95 Pool	99 Payroll	299 CD	119 Special	999 Special	Total
<b>Assets</b>								
Cash and cash equivalents	\$ (88,680)	\$ (377,268)	\$ 536	\$ 19,203	\$ 22,049	\$ -	\$ -	\$ (424,160)
Investments	269,138	29,565	-	-	-	-	-	298,703
Accounts receivable	-	-	275	-	-	-	-	275
Total Assets	<u>\$ 180,458</u>	<u>\$ (347,703)</u>	<u>\$ 811</u>	<u>\$ 19,203</u>	<u>\$ 22,049</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (125,182)</u>
<b>Liabilities</b>								
Accounts payable	\$ -	\$ 381	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 381
Accrued expense	-	-	-	14,308	-	-	-	14,308
Deferred revenue	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>381</u>	<u>-</u>	<u>14,308</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,689</u>
<b>Fund Balance</b>								
Unrestricted								
Undesignated	-	(348,084)	811	4,895	22,049	-	-	(320,329)
Board designated	180,458	-	-	-	-	-	-	180,458
	<u>180,458</u>	<u>(348,084)</u>	<u>811</u>	<u>4,895</u>	<u>22,049</u>	<u>-</u>	<u>-</u>	<u>(139,871)</u>
Total Liabilities and Fund Balance	<u>\$ 180,458</u>	<u>\$ (347,703)</u>	<u>\$ 811</u>	<u>\$ 19,203</u>	<u>\$ 22,049</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (125,182)</u>

**Kiamichi Economic Development District of Oklahoma**  
Combining Statement of Revenue, Expenditures and Changes in Fund Balance  
General Funds  
For the Year Ended June 30, 2022

	17 CDBG	19 General	95 Pool	99 Payroll	299 CD	119 Special	999 Special	Total
<b>Revenues</b>								
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State grants and appropriations	-	-	275	-	-	-	-	275
Local charges and services	-	20,638	-	-	-	-	-	20,638
Members' dues and assessments	37,000	-	-	-	-	-	-	37,000
Investment income	4,924	74	-	-	-	-	-	4,998
In-kind revenue	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Match revenue	-	-	-	-	-	-	-	-
Total Revenues	41,924	20,712	275	-	-	-	-	62,911
<b>Expenditures</b>								
Salaries	8,569	4,806	65,138	(8,239)	7,587	-	-	77,861
Fringe benefits	3,267	15,581	28,935	-	1,026	-	-	48,809
Indirect costs	-	-	(146,637)	-	-	-	-	(146,637)
Travel	640	1,134	347	-	-	-	-	2,121
In-kind expenses	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other expenses	30,894	12,168	51,681	-	-	-	-	94,743
Pass-through grants	-	-	-	-	-	-	-	-
Total Expenditures	43,370	33,689	(536)	(8,239)	8,613	-	-	76,897
<b>Transfers</b>	-	(1,055)	-	-	30,662	(94,654)	(30,662)	(95,709)
<b>Change in Fund Balance</b>	(1,446)	(14,032)	811	8,239	22,049	(94,654)	(30,662)	(109,695)
<b>Fund Balance, beginning of year</b>	181,904	(334,052)	-	(3,344)	-	94,654	30,662	(30,176)
<b>Fund Balance, end of year</b>	\$ 180,458	\$ (348,084)	\$ 811	\$ 4,895	\$ 22,049	\$ -	\$ -	\$ (139,871)

See Accompanying Independent Auditor's Report.

# Kiamichi Economic Development District of Oklahoma

## Balance Sheet

### Rural Economic Action Plan (REAP) Funds

June 30, 2022

	2020	2021	2022	Admin	Planning	Total
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ 145,234	\$ 1,199,148	\$ (6,448)	\$ -	\$ 1,337,934
Investments	-	-	-	-	-	-
Accounts receivable	-	-	122,510	6,448	-	128,958
	<u>-</u>	<u>-</u>	<u>122,510</u>	<u>6,448</u>	<u>-</u>	<u>128,958</u>
Total Assets	\$ <u>-</u>	\$ <u>145,234</u>	\$ <u>1,321,658</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,466,892</u>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ 61,626	\$ -	\$ -	\$ 61,626
Accrued expense	-	-	-	-	-	-
Deferred revenue	-	145,234	1,260,032	-	-	1,405,266
	<u>-</u>	<u>145,234</u>	<u>1,260,032</u>	<u>-</u>	<u>-</u>	<u>1,405,266</u>
Total Liabilities	<u>-</u>	<u>145,234</u>	<u>1,321,658</u>	<u>-</u>	<u>-</u>	<u>1,466,892</u>
<b>Fund Balance</b>						
Unrestricted						
Undesignated	-	-	-	-	-	-
Board designated	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	\$ <u>-</u>	\$ <u>145,234</u>	\$ <u>1,321,658</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,466,892</u>

**Kiamichi Economic Development District of Oklahoma**  
Statement of Revenue, Expenditures and Changes in Fund Balance  
Rural Economic Action Plan (REAP) Funds  
For the Year Ended June 30, 2022

	2020	2021	2022	Admin	Planning	Total
<b>Revenues</b>						
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State grants and appropriations	-	-	210,093	77,375	-	287,468
Local charges and services	-	-	-	-	-	-
Members' dues and assessments	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
In-kind revenue	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Match revenue	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>210,093</u>	<u>77,375</u>	<u>-</u>	<u>287,468</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>210,093</u>	<u>77,375</u>	<u>-</u>	<u>287,468</u>
<b>Expenditures</b>						
Salaries	-	-	-	43,558	-	43,558
Fringe benefits	-	-	-	33,817	-	33,817
Indirect costs	-	-	-	-	-	-
Travel	-	-	-	-	-	-
In-kind expense	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Pass-through grants	154,202	1,047,046	210,093	-	-	1,411,341
	<u>154,202</u>	<u>1,047,046</u>	<u>210,093</u>	<u>77,375</u>	<u>-</u>	<u>1,488,716</u>
Total Expenditures	<u>154,202</u>	<u>1,047,046</u>	<u>210,093</u>	<u>77,375</u>	<u>-</u>	<u>1,488,716</u>
<b>Transfers</b>	<u>154,202</u>	<u>1,047,046</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,201,248</u>
<b>Change in Fund Balance</b>	-	-	-	-	-	-
<b>Fund Balance, beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Independent Auditor's Report.

## **Reports Required by Government Auditing Standards and the Uniform Guidance**



**HINKLE &  
COMPANY**  
Strategic PC  
Business Advisors

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Kiamichi Economic Development District of Oklahoma (the Organization of KEDDO), as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements and have issued our report thereon dated October 24, 2022.

**Report on Internal Control over Financial Reporting**

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

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

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*Hick & Company, PC*

Tulsa, Oklahoma  
October 24, 2022





## **Independent Auditor's Report on Compliance for Each Major Federal Program: Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

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

### **Report on Compliance for Each Major Federal Program**

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

We have audited Kiamichi Economic Development District of Oklahoma's (the Organization of KEDDO) 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, 2022.. 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 our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of 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**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of 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.

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



### **Report on Internal Control Over Compliance**

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

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

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

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

*Hike & Company, PC*

Tulsa, Oklahoma  
October 24, 2022



**Kiamichi Economic Development District of Oklahoma**  
Schedule of Expenditures of Federal Awards  
June 30, 2022

<b>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Project Number</b>	<b>Provided to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>FEDERAL PROGRAMS</b>					
<b><u>U.S. Department of Health and Human Services</u></b>					
<i>Pass-Through the Oklahoma Department of Human Services</i>		56652			
Special Programs for the Aging					
Title III, Part B Admin	93.044		34074003	\$ -	\$ 26,670
Title VII	93.041		34074003	-	3,920
Title III, Part B Grants for Supportive Services & Senior Centers	93.044		34074003	152,604	211,765
Title III, Part C-1 Nutrition Services	93.045		34074003	315,991	352,011
Title III, Part C-2 Nutrition Services	93.045		34074003	165,592	184,292
Title III, Part D Prev	93.043		34074003	17,264	17,264
Title III, Part E Care Giver Support	93.052		34074003	35,212	47,662
Nutrition Services Incentive Program	93.053		34074003	129,278	129,278
Total Aging Cluster				<u>815,941</u>	<u>972,862</u>
<i>Pass-Through the Department of Oklahoma Insurance</i>					
Medicare Improvements for Patients & Providers Act (MIPPA)	93.071			<u>-</u>	<u>14,916</u>
Total U.S. Department of Health and Human Services				<u>815,941</u>	<u>987,778</u>
<b><u>U.S. Department of Commerce</u></b>					
Economic Development Planning Assistance	11.301			<u>-</u>	<u>197,797</u>
				<u>\$ 815,941</u>	<u>\$ 1,185,575</u>

# **Kiamichi Economic Development District of Oklahoma**

## **Notes to Schedule of Expenditures of Federal Awards**

June 30, 2022

### **Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of Kiamichi Economic Development District of Oklahoma (the Organization of KEDDO) for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Organization.

### **Note 2: Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### **Note 3: Indirect Cost Rate**

The Organization has elected not to use the 10 percent de minimis cost rate allowed under Section 200.414(f) of the Uniform Guidance.

**Kiamichi Economic Development District of Oklahoma**  
Schedule of Findings and Questioned Costs  
June 30, 2022

### **Summary of Auditor's Results**

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

☒ Unmodified    ☐ Qualified    ☐ Adverse    ☐ Disclaimed

The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiencies? ☐ Yes ☒ None Reported

Material weaknesses? ☐ Yes ☒ No

2. Noncompliance considered material to the financial statements was disclosed by the audit? ☐ Yes ☒ No

3. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:

Significant deficiencies? ☐ Yes ☒ None Reported

Material weakness? ☐ Yes ☒ No

4. The opinion expressed in the independent auditor's report for major federal award programs was:

☒ Unmodified    ☐ Qualified    ☐ Adverse    ☐ Disclaimed

5. The audit disclosed findings required to be reported by Uniform Guidance, 2 CFR 200.516(a)? ☐ Yes ☒ No

6. The District's major program was:

Cluster/Program	Federal Assistance Listing Number
Special Programs for the Aging - B Admin	93.044
Special Programs for the Aging - Title VII	93.041
Special Programs for the Aging - Title III, Part D	93.043
Special Programs for the Aging - Title III, Part	93.044
Special Programs for the Aging - Title III, Part C	93.045
Special Programs for the Aging - Title III, Part E	93.052
Special Programs for the Aging - NSIP	93.053

**Kiamichi Economic Development District of Oklahoma**  
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**Summary of Auditor's Results** (Continued)

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

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

**Findings Required to be Reported by Government Auditing Standards**

No matters are reportable.

**Findings Required to be Reported by the Uniform Guidance**

No matters are reportable.

# **Kiamichi Economic Development District of Oklahoma**

## **Summary Schedule of Prior Audit Findings**

**June 30,2022**

### **Prior Year Findings Required to be Reported by Government Auditing Standards**

No matters are reportable.

### **Prior Year Findings Required to be Reported by the Uniform Guidance**

No matters are reportable.