

**Kiamichi Economic Development
District of Oklahoma**

Financial Statements
with Independent Auditors' Report

June 30, 2019



Kiamichi Economic Development District of Oklahoma

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the business-type activities, each major fund and the aggregate remaining fund information of the Kiamichi Economic Development District of Oklahoma as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Kiamichi Economic Development District of Oklahoma as of June 30, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America

Other Matters

Required Supplementary Information

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

Other Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2020 on our consideration of the Kiamichi Economic Development District of Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kiamichi Economic Development District of Oklahoma's internal control over financial reporting and compliance.

Tulsa, Oklahoma
January 29, 2020

Hill & Company, PC



Kiamichi Economic Development District of Oklahoma

Management's Discussion and Analysis

For the Year Ended June 30, 2019

This section of Kiamichi Economic Development District of Oklahoma's (the District's) financial statements presents management's discussion and analysis of the District's financial performance during the year ended June 30, 2019. 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 2019, with fiscal year 2018.

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, 2019. The Statement of Activities summarizes the District's financial results by activity for the years ended June 30, 2019. 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, deferred revenue. The Due to Other Fund represents funds borrowed by the Special Revenue Fund grants from the General Fund in order to pay grant expenses. Once the expenses are paid, the Special Revenue Fund requests reimbursement from the grant and repays the General Fund upon receipt.

Total assets of the District increased to \$1,442,801 in FY 2019 from \$1,178,003 in FY 2018.

Kiamichi Economic Development District of Oklahoma
Management's Discussion and Analysis
For the Year Ended June 30, 2019

Statement of Net Position (Continued)

Following is a comparison of the summarized financial position and net position – Governmental Funds of the District at June 30, 2019, and 2018:

	2019 <i>(000's)</i>	2018 <i>(000's)</i>
Assets		
Cash	\$ 924	\$ 650
Accounts Receivable	431	437
Due from Other Fund	87	91
Total Assets	<u>1,442</u>	<u>1,178</u>
 Liabilities		
Accounts Payable	162	114
Due to Other Fund	87	91
Deferred Revenue	1,130	798
Total Liabilities	<u>1,379</u>	<u>1,003</u>
 Net Position		
Investment in Capital Assets	-	-
Board Designated	63	175
Total Net Position	<u>\$ 63</u>	<u>\$ 175</u>

Revenues include Federal and state grants that are renewable each year. These revenues decreased by \$509,000 in 2019. Local grants remained consistent over the past 2 years. Other revenues of the District remained consistent over the past 2 years.

The District's operating expenses are classified by natural classification, including pass-through grants, employee compensation, fringe benefits, contractual services, etc. In FY 2019, operating expenses decreased by \$464,000. All other operating expense experienced slight decreases

Kiamichi Economic Development District of Oklahoma
Management's Discussion and Analysis
For the Year Ended June 30, 2019

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

Following is a comparison of operating results for the years ended June 30, 2019, and 2018:

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

	2019 <i>(000's)</i>	2018 <i>(000's)</i>
Operating Revenues		
Federal Grants	\$ 1,023	\$ 1,135
State Grants	1,428	1,825
Local Grants	233	225
Other	22	38
	<hr/>	<hr/>
Total	2,706	3,223
	<hr/>	<hr/>
Operating Expenses		
Pass-through Grants	2,086	2,518
Wages	348	379
Contract labor	266	267
Other	117	234
	<hr/>	<hr/>
Total	2,817	3,398
	<hr/>	<hr/>
Increase in Net Assets	(111)	(175)
	<hr/>	<hr/>
Fund Balance at Beginning of Year	175	350
	<hr/>	<hr/>
Fund Balance at End of Year	\$ 64	\$ 175
	<hr/>	<hr/>

Conclusion

State funding decreases affected the REAP and State Appropriations revenues. The decrease in State Appropriations which is used to match AAA and EDA grants has impacted KEDDO's general trust. The state of Oklahoma Legislature has indicated that REAP will increase in the next fiscal year. The District continues to look for ways to improve operating efficiencies and locate new revenues. Through comprehensive planning, program prioritization, prudent budgeting and tough decision making, the District is positioned to continue its commitment to changing lives throughout eastern Oklahoma.

Kiamichi Economic Development District of Oklahoma
Statement of Net Position
June 30, 2019

	Governmental Activities
Assets	
Cash	\$ 381,032
Investments	543,291
Accounts receivable	431,225
Due from other funds	87,253
OPEB asset	3,602
Other assets	-
Capital assets, net	-
Total Assets	<u>1,446,403</u>
 Deferred Outflows of Resources	
Deferred amounts related to pension	95,262
Deferred amounts related to OPEB	<u>7,422</u>
	<u>102,684</u>
 Liabilities	
Accounts payable	137,397
Accrued expenses	24,747
Due to other funds	87,253
Pension liability	54,286
Deferred revenue	<u>1,129,842</u>
	<u>1,433,525</u>
 Deferred Inflows of Resources	
Deferred amounts related to pension	39,453
Deferred amounts related to OPEB	<u>9,003</u>
	<u>48,456</u>
 Net Position	
Unrestricted	
Undesignated	3,544
Board Designated	<u>63,562</u>
	<u>\$ 67,106</u>

Kiamichi Economic Development District of Oklahoma
Statement of Activities
June 30, 2019

Function/Programs	Expenditures	Charges Services	Operating Grants & Contributions	Governmental Activities
Primary Government				
Government activities:				
General Government	\$ 148,242	\$ -	\$ 98,517	\$ (49,725)
Aging Services	1,524,248	-	1,451,495	(72,753)
Rural Economic Action Plan	681,007	-	682,930	1,923
Economic Development	184,594	-	211,689	27,095
Community Development	<u>279,206</u>	<u>-</u>	<u>313,517</u>	<u>34,311</u>
Total Primary Government	\$ <u>2,817,297</u>	\$ <u>-</u>	\$ <u>2,758,148</u>	(59,149)
General Revenues:				
Interest Income				<u>19,610</u>
Change in Net Position				(39,539)
Net Position, beginning of year				<u>106,645</u>
Net Position, end of year				\$ <u>67,106</u>

Kiamichi Economic Development District of Oklahoma
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	Aging Services	Rural Economic Action Plan	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ (603,840)	\$ (161,285)	\$ 1,078,369	\$ 67,788	\$ 381,032
Investments	543,291	-			543,291
Accounts receivable	3,500	243,685	84,390	99,650	431,225
Due from other fund	87,253	-	-	-	87,253
Other assets	-	-	-	-	-
Capital Assets, <i>net</i>	-	-	-	-	-
 Total Assets	 \$ <u>30,204</u>	 \$ <u>82,400</u>	 \$ <u>1,162,759</u>	 \$ <u>167,438</u>	 \$ <u>1,442,801</u>
Liabilities					
Accounts payable	\$ 2,639	\$ 96,211	\$ 30,190	\$ 8,357	\$ 137,397
Accrued expense	24,747	-	-	-	24,747
Due to other fund	-	-	-	87,253	87,253
Deferred revenue	-	-	1,129,842	-	1,129,842
 Total Liabilities	 <u>27,386</u>	 <u>96,211</u>	 <u>1,160,032</u>	 <u>95,610</u>	 <u>1,379,239</u>
Fund Balance					
Invested in capital assets	-	-	-	-	-
Unrestricted					
Undesigned	-	-	-	-	-
Board designed	2,818	(13,811)	2,727	71,828	63,562
	<u>2,818</u>	<u>(13,811)</u>	<u>2,727</u>	<u>71,828</u>	<u>63,562</u>
 Total Liabilities and Fund Balance	 \$ <u>30,204</u>	 \$ <u>82,400</u>	 \$ <u>1,162,759</u>	 \$ <u>167,438</u>	 \$ <u>1,442,801</u>

Kiamichi Economic Development District of Oklahoma
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2019

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

Total Fund Balance of Governmental Funds	\$ 63,562
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	(54,286)
Pension related deferred outflows	95,262
Pension related deferred inflows	(39,453)
OPEB assets	3,602
OPEB related deferred outflows	7,422
OPEB related deferred inflows	<u>(9,003)</u>
Total Net Position of Governmental Activities	\$ <u>67,106</u>

Kiamichi Economic Development District of Oklahoma
Statement of Revenue, Expenditures and Change in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019

	General Fund	Aging Services	Rural Economic Action Plan	Other Governmental Funds	Total Governmental Funds
Revenues					
Federal grants	\$ -	\$ 942,162	\$ -	\$ 80,445	\$ 1,022,607
State grants and appropriations	3,500	501,641	681,006	241,877	1,428,024
Local charges and services	77,976	30,422	-	124,792	233,190
Members' dues and assessments	-	-	-	-	-
Investment income	19,609	-	-	-	19,609
In-kind revenue	-	-	-	2,661	2,661
Other revenue	-	-	-	-	-
Match revenue	(54,625)	(22,730)	1,924	75,431	-
Total Revenues	<u>46,460</u>	<u>1,451,495</u>	<u>682,930</u>	<u>525,206</u>	<u>2,706,091</u>
Expenditures					
Salaries	69,536	130,406	33,511	114,073	347,526
Contract labor	73,205	93,129	17,123	82,417	265,874
Fringe benefits	-	-	-	-	-
Indirect costs	(86,849)	-	-	-	(86,849)
Travel	8,621	23,505	-	26,373	58,499
In-kind expense	-	-	-	2,661	2,661
Other expenses	83,728	12,811	-	46,971	143,510
Pass-through grants	-	1,264,397	630,372	191,305	2,086,074
Total Expenditures	<u>148,241</u>	<u>1,524,248</u>	<u>681,006</u>	<u>463,800</u>	<u>2,817,295</u>
Change in Fund Balance	(101,781)	(72,753)	1,924	61,406	(111,204)
Fund Balance, beginning of year	<u>104,599</u>	<u>58,942</u>	<u>803</u>	<u>10,422</u>	<u>174,766</u>
Fund Balance, end of year	<u>\$ 2,818</u>	<u>\$ (13,811)</u>	<u>\$ 2,727</u>	<u>\$ 71,828</u>	<u>\$ 63,562</u>

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, 2019

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

Net Change in Fund Balance of Governmental Funds	\$ (111,204)
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Some expense in the statement of activities do not require the use
of current financial resources and , therefore, are not reported in
government funds

OPEB Obligation, net change	(61,411)
Pension related expenses, net change	<u>133,076</u>

Change in Net Position of Governmental Activities	\$ <u>(39,539)</u>
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Kiamichi Economic Development District of Oklahoma

Notes of the Financial statements

June 30, 2019

Note 1: Summary of Significant Accounting Policies

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

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

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

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

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

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

Kiamichi Economic Development District of Oklahoma

Notes of the Financial statements

June 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

Cash and Cash Equivalents

The Organization defines cash and cash equivalents to be all cash and certificates of deposit with original maturities of three months or less. Cash equivalents of \$924,321 as of June 30, 2019, were invested with a major local financial institution in a sweep repo account, which invests in treasury obligations.

Accounts Receivable and Allowance for Doubtful Accounts

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

The Organization's management believes the accounts receivable reflected in the statement of net position to be fully collectible due to the granting agency's ability to received federal and/or state funds to reimburse grant expenditures. Accordingly, an allowance for doubtful accounts is not reflected in the accompanying financial statements for the years ended June 30, 2019.

Deposits and Investments

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

Investments

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

Kiamichi Economic Development District of Oklahoma

Notes of the Financial statements

June 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Land, Building and Equipment

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

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

Annual Budget

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

Allocated Expenses

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

Concentrations of Credit Risk

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

Management Estimates

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

Kiamichi Economic Development District of Oklahoma

Notes of the Financial statements

June 30, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Subsequent Events

Subsequent events have been evaluated through January 29, 2020, which is the date the financial statements were issued.

Note 2: Cash and Investments

Deposits with banks and financial institutions are carried at cost. The table presented below is designed to disclose the level of custody credit risk assumed by the Organization based upon how its deposits were insured or secured with collateral at June 30, 2019. The categories of credit risk are defined as follows:

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

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

Category 3 – Deposits which are not collateralized or insured.

A summary of the deposits at June 30, 2019 consisted of the following:

Type of Deposits	June 30, 2019				
	Total Bank Balance	Custody (Category 1)	Credit Risk (Category 2)	Uninsured (Category 3)	Carrying Value
Demand Deposit	\$ 1,081,119	\$ 304,353	\$ 150,000	\$ 626,766	\$ 924,321

Kiamichi Economic Development District of Oklahoma
Notes of the Financial statements
June 30, 2019

Note 3: Amounts Due Between Funds

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

Inter-fund balances at June 30, 2019 were as follows:

	<u>Amount</u>
Transferred to Other GOV Funds from General Funds	\$ 87,253

Note 4: Fixed Assets

A summary of changes in fixed assets for the year ended June 30, 2019, is as follows:

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>General Fund</u>				
Building	\$ 45,000	\$ —	\$ —	\$ 45,000
Equipment	28,869	—	—	28,869
Furniture and equipment	<u>24,034</u>	<u>—</u>	<u>—</u>	<u>24,034</u>
Total Historical Cost	<u>97,903</u>	<u>—</u>	<u>—</u>	<u>97,903</u>
Building	(45,000)	—	—	(45,000)
Equipment	(28,869)	—	—	(28,869)
Furniture	<u>(24,034)</u>	<u>—</u>	<u>—</u>	<u>(24,034)</u>
Total Accumulated Depreciation	<u>(97,903)</u>	<u>—</u>	<u>—</u>	<u>(97,903)</u>
Grand Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

Kiamichi Economic Development District of Oklahoma

Notes of the Financial statements

June 30, 2019

Note 4: Fixed Assets (Continued)

Special Revenue Fund

Building	\$ —	\$ —	\$ —	\$ —
Equipment	25,381	—	—	25,381
Furniture	<u>34,920</u>	<u>—</u>	<u>—</u>	<u>34,920</u>
Total Historical Cost	<u>60,301</u>	<u>—</u>	<u>—</u>	<u>60,301</u>
Building	—	—	—	—
Equipment	(25,381)	—	—	(25,381)
Furniture and equipment	<u>(34,920)</u>	<u>—</u>	<u>—</u>	<u>(34,920)</u>
Total Accumulated Depreciation	<u>(60,301)</u>	<u>—</u>	<u>—</u>	<u>(60,301)</u>
Grand Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

Note 5: Retirement Plan

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

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

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

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

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

Kiamichi Economic Development District of Oklahoma

Notes of the Financial statements

June 30, 2019

Note 5: Retirement Plan (Continued)

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.
- 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.

Kiamichi Economic Development District of Oklahoma

Notes of the Financial statements

June 30, 2019

Note 5: Retirement Plan (Continued)

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 \$71,916.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the District reported a liability of \$54,286 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The District's proportion of the net pension liability was based on the District's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2019. Based upon this information, the District's proportion was .02783283 percent.

For the year ended June 30, 2019, the District recognized pension expense of \$38,444. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ 30,573
Changes of assumptions	23,346	—
Net difference between projected and actual earnings on pension plan investments	—	8,880
Changes in proportion and differences between District contributions and proportionate share of contributions	—	—
District's contributions subsequent to the measurement date	71,916	—
Total	<u>\$ 95,262</u>	<u>\$ 39,453</u>

Kiamichi Economic Development District of Oklahoma

Notes of the Financial statements

June 30, 2019

Note 5: Retirement Plan (Continued)

As of June 30, 2019, \$23,346, was reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 25,780
2020	(4,396)
2021	(30,761)
2022	(6,730)

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

- Investment return – 7.0% compounded annually net of investment expense and including inflation
- Salary increases – 3.5% to 9.5% per year including inflation
- Mortality rates – Active participants and nondisabled pensioners – RP-2000 Mortality Table projected to 2010 by Scale AA (disabled pensioners set forward 15 years)
- No annual post-retirement benefit increases
- Assumed inflation rate – 2.75%
- Payroll growth – 3.5% per year
- Actuarial cost method – Entry age
- Select period for the termination of employment assumptions – 10 years

The actuarial assumptions used in the July 1, 2019 valuation is based on the results of the most recent actuarial experience study, which cover the three-year period ending June 30, 2018. The experience study report is dated October 11, 2018.

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, 2019

Note 5: Retirement Plan (Continued)

The Target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	38.0%	3.8%
U.S. Small Cap Equity	6.0%	4.9%
Non- U.S. Equity	24.0%	9.2%
U.S. Fixed	32.0%	1.5%
Total	100.0%	

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. 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 through 2113 to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determined does not use a municipal bond rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the employers calculated using the discount rate of 7.0%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	(-6.0%)	Rate (7.0%)	(-8.0%)
Employers' net pension liability	\$ 348,311	\$ 54,286	\$ (194,884)

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

Note 6: Other Post-Employment Benefits (OPEB)

Plan description - KEDDO as the employer, participates in the Supplemental Health Insurance Program—a cost-sharing multiple-employer defined benefit OPEB plan administered by the Oklahoma Public Employees Retirement System (OPERS). The authority to establish and amend benefit provisions rests with the State Legislature. OPERS issues a publicly available financial report that can be obtained at www.ok.gov/OPERS.

Kiamichi Economic Development District of Oklahoma

Notes of the Financial statements

June 30, 2019

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

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

Contributions - The contribution rates for each member category of the System are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. An actuarially determined portion of the total contributions to the System are set aside to finance the cost of the benefits of the HISP in accordance with provisions of the Internal Revenue Code. Based on the contribution requirements of the plan employers and employees contribute a single amount based on a single contribution rate as described in Note 5; from this amount OPERS allocates a portion of the contributions to the supplemental health insurance program. Contributions allocated to the OPEB plan from KEDDO were \$9,850.

OPEB Liabilities (Assets), OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2019, KEDDO reported an asset of \$3,602 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2018. KEDDO's proportion of the net OPEB asset was based on KEDDO's contributions received by the OPEB plan relative to the total contributions received by the OPEB plan for all participating employers as of June 30, 2018. Based upon this information, KEDDO's proportion was .02783283% percent.

For the year ended June 30, 2019, KEDDO recognized OPEB expense of \$639. At June 30, 2019, KEDDO reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Kiamichi Economic Development District of Oklahoma

Notes of the Financial statements

June 30, 2019

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

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ 5,663
Changes of assumptions	2,111	—
Net difference between projected and actual earnings on pension plan investments	—	3,340
Changes in proportion and differences between District contributions and proportionate share of contributions	—	—
District's contributions subsequent to the measurement date	5,311	—
Total	<u>\$ 7,422</u>	<u>\$ 9,003</u>

The \$7,422 reported as deferred outflows of resources related to OPEB resulting from KEDDO's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2019	\$ (1,781)
2020	(1,781)
2021	(1,781)
2022	(921)
2023	(569)
Thereafter	(58)

Kiamichi Economic Development District of Oklahoma

Notes of the Financial statements

June 30, 2019

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

Actuarial Assumptions- The total OPEB liability (asset) as of June 30, 2018, was determined based on an actuarial valuation prepared as if June 30, 2017 using the following actuarial assumptions:

- Investment return – 7.00% compounded annually net of investment expense and including inflation
- Salary increases – 3.5% to 9.5% per year including inflation
- Mortality rates – active participants and nondisabled pensioners – RP-2014 Mortality Table projected to 2025 by Scale MP-2016 (disabled pensioners set forward 12 years)
- No annual post-retirement benefit increases
- Assumed inflation rate – 2.75%
- Payroll growth – 3.5%
- Actuarial cost method – Entry age
- Select period for the termination of employment assumptions – 10 years

The actuarial assumptions used in the July 1, 2017, valuation are based on the results of the most recent actuarial experience study, which covered the three-year period ending June 30, 2016. The experience study report is dated April 13, 2017.

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, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap Equity	38.0%	3.8%
U.S. Small Cap Equity	6.0%	4.9%
Non- U.S. Equity	24.0%	9.2%
U.S. Fixed	32.0%	1.5%
Total	100.0%	

Kiamichi Economic Development District of Oklahoma

Notes of the Financial statements

June 30, 2019

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

Discount Rate- A single discount rate of 7.00% was used to measure the total OPRB liability (asset) as of June 30, 2017. This single discount rate was based solely on the expected rate of return on OPEB plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the OPEB plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate-The following presents the net OPEB liability (asset) of the employer calculated using the discount rate of 7.00%, as well as what the Plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>(-6.0%)</u>	<u>Rate (7.0%)</u>	<u>(-8.0%)</u>
Employers' net pension liability	\$ 5,735	\$ (3,602)	\$ (11,632)

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

Note 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, 2019

	6/30/2019	6/30/2018	6/30/2017	6/30/2016
Proportionate Share of the Net Pension Liability				
Organization's Proportion of the Net Pension Liability	0.02783283%	0.02302516%	0.02323537%	0.02591111%
Organization's Proportionate Share of the Net Pension Liability	\$ 54,286	\$ 124,489	\$ 230,548	\$ 93,198
Organization's Covered Payroll	\$ 347,525	\$ 379,108	\$ 474,460	\$ 390,004
Organization's Proportionate share of the Net Pension Liability as a Percentage of Covered Payroll	15.62%	32.84%	48.59%	23.90%
Plan Fiduciary Net Pension as of Percentage of the Total Pension Liability	97.96%	94.28%	62.24%	92.50%
Organization Contributions				
Statutorily Required Contribution	\$ 71,916	\$ 61,937	\$ 68,875	\$ 75,578
Contributions in Relation to the Statutorily Required Contribution	<u>(71,916)</u>	<u>(61,937)</u>	<u>(68,875)</u>	<u>(75,578)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Organization's Covered Payroll	\$ 347,525	\$ 379,108	\$ 474,460	\$ 390,004
Contributions as a Percentage of Covered Payroll	20.69%	16.34%	14.52%	19.38%

* Prior year information is not available.

Kiamichi Economic Development District of Oklahoma
Required Supplementary Information
Schedule of Proportionate Share of Net OPEB Liability
Oklahoma Public Employees' Retirement System
For the Years ended June 30, 2019

	<u>6/30/2019</u>	<u>6/30/2018</u>
Proportionate Share of the Net OPEB Liability		
Organization's Proportion of the Net OPEB Liability	0.02302516%	0.02323537%
Organization's Proportionate Share of the Net OPEB Asset/Liability	\$ (3,602)	\$ 2,637
Organization's Covered Payroll	\$ 347,525	\$ 379,108
Organization's Proportionate share of the Net OPEB Liability as a Percentage of Covered Payroll	-1.04%	0.70%
Plan Fiduciary Net Pension as of Percentage of the Total OPEB Asset/Liability	103.94%	96.50%
 Organization Contributions		
Statutorily Required Contribution	\$ 5,311	\$ 4,335
Contributions in Relation to the Statutorily Required Contribution	<u>(5,311)</u>	<u>(4,335)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Organization's Covered Payroll	\$ 347,525	\$ 379,108
Contributions as a Percentage of Covered Payroll	1.53%	1.14%

* Prior year information is not available.

Supplementary Information

Kiamichi Economic Development District of Oklahoma
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Masonic	SHIP	MIPPA	SMP	State Approp	CIP	CENA	EDA	Rural Fire	Total
Assets										
Cash and cash equivalents	\$ 64,761	\$ 3,027	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,788
Investments	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	29,650	70,000	-	99,650
Due from other fund	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Capital Assets, <i>net</i>	-	-	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 64,761</u>	<u>\$ 3,027</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,650</u>	<u>\$ 70,000</u>	<u>\$ -</u>	<u>\$ 167,438</u>
Liabilities										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,357	\$ -	\$ -	\$ 8,357
Accrued expense	-	-	-	-	-	-	-	-	-	-
Due to other fund	-	-	-	-	-	-	21,293	65,960	-	87,253
Deferred revenue	-	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,650</u>	<u>65,960</u>	<u>-</u>	<u>95,610</u>
Fund Balance										
Invested in capital assets	-	-	-	-	-	-	-	-	-	-
Unrestricted										
Undesignated	-	-	-	-	-	-	-	-	-	-
Board designated	64,761	3,027	-	-	-	-	-	4,040	-	71,828
	<u>64,761</u>	<u>3,027</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,040</u>	<u>-</u>	<u>71,828</u>
Total Fund Balance	<u>\$ 64,761</u>	<u>\$ 3,027</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,650</u>	<u>\$ 70,000</u>	<u>\$ -</u>	<u>\$ 167,438</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, 2019

	Masonic	SHIP	MIPPA	SMP	State Approp	CIP	CENA	EDA	Rural Fire	Total
Revenues										
Federal grants	\$ -	\$ -	\$ 10,445	\$ -	\$ -	\$ -	\$ -	\$ 70,000	\$ -	\$ 80,445
State grants and appropriations	-	18,067	-	8,000	14,435	-	201,375	-	-	241,877
Local charges and services	58,378	-	-	-	-	-	-	8,833	57,581	124,792
Members' dues and assessments	-	-	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-	-	-
In-kind revenue	-	-	-	-	-	-	-	2,661	-	2,661
Match revenue	10,817	3,027	2,895	-	2,887	52,386	-	-	3,419	75,431
Total Revenues	69,195	21,094	13,340	8,000	17,322	52,386	201,375	81,494	61,000	525,206
Expenditures										
Salaries	-	8,485	291	2,315	-	15,925	390	52,935	33,732	114,073
Contract labor	17,166	4,044	145	1,049	-	7,206	9,680	23,193	19,934	82,417
Fringe benefits	-	-	-	-	-	-	-	-	-	-
Indirect costs	-	-	-	-	-	-	-	-	-	-
Travel	-	3,674	5,959	4,282	-	-	-	5,124	7,334	26,373
In-kind expense	-	-	-	-	-	-	-	2,661	-	2,661
Other expenses	22,435	1,864	4,916	354	17,322	-	-	80	-	46,971
Pass-through grants	-	-	-	-	-	-	191,305	-	-	191,305
Total Expenditures	39,601	18,067	11,311	8,000	17,322	23,131	201,375	83,993	61,000	463,800
Change in Fund Balance	29,594	3,027	2,029	-	-	29,255	-	(2,499)	-	61,406
Fund Balance, beginning of year	35,167	-	(2,029)	-	-	(29,255)	-	6,539	-	10,422
Fund Balance, end of year	\$ 64,761	\$ 3,027	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,040	\$ -	\$ 71,828

See accompanying Independent Accompanying Report.

Kiamichi Economic Development District of Oklahoma
Combining Balance Sheet
General Funds
June 30, 2019

	17 CDBG	19 General	20 AAA Admin	95 Pool	99 Payroll	Total
Assets						
Cash and cash equivalents	\$ (90,999)	\$ (533,475)	\$ -	\$ 1,487	\$ 19,147	\$ (603,840)
Investments	514,214	29,077	-	-	-	543,291
Accounts receivable	3,500	-	-	-	-	3,500
Due from other fund	-	87,253	-	-	-	87,253
Other assets	-	-	-	-	-	-
Capital Assets, <i>net</i>	-	-	-	-	-	-
Total Assets	<u>\$ 426,715</u>	<u>\$ (417,145)</u>	<u>\$ -</u>	<u>\$ 1,487</u>	<u>\$ 19,147</u>	<u>\$ 30,204</u>
Liabilities						
Accounts payable	\$ 187	\$ 898	\$ -	\$ 1,554	\$ -	\$ 2,639
Accrued expense	-	4	-	-	24,743	24,747
Due to other fund	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total Liabilities	<u>187</u>	<u>902</u>	<u>-</u>	<u>1,554</u>	<u>24,743</u>	<u>27,386</u>
Fund Balance						
Invested in capital assets	-	-	-	-	-	-
Unrestricted						
Undesignated	-	-	-	-	-	-
Board designated	<u>426,528</u>	<u>(418,047)</u>	<u>-</u>	<u>(67)</u>	<u>(5,596)</u>	<u>2,818</u>
	<u>426,528</u>	<u>(418,047)</u>	<u>-</u>	<u>(67)</u>	<u>(5,596)</u>	<u>2,818</u>
Total Fund Balance	<u>\$ 426,715</u>	<u>\$ (417,145)</u>	<u>\$ -</u>	<u>\$ 1,487</u>	<u>\$ 19,147</u>	<u>\$ 30,204</u>

Kiamichi Economic Development District of Oklahoma
Combining Statement of Revenue, Expenditures and Change in Fund Balance
General Funds
For the Year Ended June 30, 2019

	17 CDBG	19 General	20 General	95 Pool	99 Payroll	Total
Revenues						
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State grants and appropriations	3,500	-	-	-	-	3,500
Local charges and services	4,000	73,976	-	-	-	77,976
Members' dues and assessments	-	-	-	-	-	-
Investment income	14,214	252	-	-	5,143	19,609
In-kind revenue	-	-	-	-	-	-
Match revenue	-	(68,260)	13,635	-	-	(54,625)
	<u>-</u>	<u>(68,260)</u>	<u>13,635</u>	<u>-</u>	<u>-</u>	<u>(54,625)</u>
Total Revenues	<u>21,714</u>	<u>5,968</u>	<u>13,635</u>	<u>-</u>	<u>5,143</u>	<u>46,460</u>
Expenditures						
Salaries	13,026	34,732	-	21,778	-	69,536
Fringe benefits	5,422	38,960	13,635	15,188	-	73,205
Pass-through grants	-	-	-	-	-	-
Indirect costs	-	-	-	(86,849)	-	(86,849)
Travel	4,723	317	-	3,581	-	8,621
Other expenses	439	24,309	-	46,471	12,509	83,728
	<u>439</u>	<u>24,309</u>	<u>-</u>	<u>46,471</u>	<u>12,509</u>	<u>83,728</u>
Total Expenditures	<u>23,610</u>	<u>98,318</u>	<u>13,635</u>	<u>169</u>	<u>12,509</u>	<u>148,241</u>
Change in Fund Balance	(1,896)	(92,350)	-	(169)	(7,366)	(101,781)
Fund Balance, beginning of year	<u>428,424</u>	<u>(325,697)</u>	<u>-</u>	<u>102</u>	<u>1,770</u>	<u>104,599</u>
Fund Balance, end of year	<u>\$ 426,528</u>	<u>\$ (418,047)</u>	<u>\$ -</u>	<u>\$ (67)</u>	<u>\$ (5,596)</u>	<u>\$ 2,818</u>

Kiamichi Economic Development District of Oklahoma
Balance Sheet
Rural Economic Action Plan (REAP) Funds
June 30, 2019

	2016	2017	2018	2019	Planning	Total
Assets						
Cash and cash equivalents	\$ 803	\$ 74,892	\$ 191,529	\$ 813,440	\$ (2,295)	\$ 1,078,369
Investments	-	-	-	-	-	-
Accounts receivable	-	-	-	80,171	4,219	84,390
Due from other fund	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Capital Assets, <i>net</i>	-	-	-	-	-	-
Total Assets	<u>\$ 803</u>	<u>\$ 74,892</u>	<u>\$ 191,529</u>	<u>\$ 893,611</u>	<u>\$ 1,924</u>	<u>\$ 1,162,759</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 30,190	\$ -	\$ 30,190
Accrued expense	-	-	-	-	-	-
Due to other fund	-	-	-	-	-	-
Deferred revenue	-	74,892	191,529	863,421	-	1,129,842
Total Liabilities	<u>-</u>	<u>74,892</u>	<u>191,529</u>	<u>893,611</u>	<u>-</u>	<u>1,160,032</u>
Fund Balance						
Invested in capital assets	-	-	-	-	-	-
Unrestricted						
Undesignated	-	-	-	-	-	-
Board designated	803	-	-	-	1,924	2,727
	<u>803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,924</u>	<u>2,727</u>
Total Fund Balance	<u>\$ 803</u>	<u>\$ 74,892</u>	<u>\$ 191,529</u>	<u>\$ 893,611</u>	<u>\$ 1,924</u>	<u>\$ 1,162,759</u>

Kiamichi Economic Development District of Oklahoma
Statement of Revenue, Expenditures and Change in Fund Balance
Rural Economic Action Plan (REAP) Funds
For the Year Ended June 30, 2019

	2016	2017	2018	2019	Planning	Total
Revenues						
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State grants and appropriations	-	131,981	399,765	98,626	50,634	681,006
Local charges and services	-	-	-	-	-	-
Members' dues and assessments	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
In-kind revenue	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Match revenue	-	(23,060)	20,254	2,806	1,924	1,924
Total Revenues	<u>-</u>	<u>108,921</u>	<u>420,019</u>	<u>101,432</u>	<u>52,558</u>	<u>682,930</u>
Expenditures						
Salaries	-	-	-	-	33,511	33,511
Contract labor	-	-	-	-	17,123	17,123
Fringe benefits	-	-	-	-	-	-
Indirect costs	-	-	-	-	-	-
Travel	-	-	-	-	-	-
In-kind expense	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Pass-through grants	-	108,921	420,019	101,432	-	630,372
Total Expenditures	<u>-</u>	<u>108,921</u>	<u>420,019</u>	<u>101,432</u>	<u>50,634</u>	<u>681,006</u>
Change in Fund Balance	-	-	-	-	1,924	1,924
Fund Balance, beginning of year	<u>803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>803</u>
Fund Balance, end of year	<u>\$ 803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,924</u>	<u>\$ 2,727</u>



**HINKLE &
COMPANY**

Strategic ^{PC}
Business Advisors

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Kiamichi Economic Development District of Oklahoma (KEDDO), as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise KEDDO's basic financial statements and have issued our report thereon dated January 29, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kiamichi Economic Development District of Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kiamichi Economic Development District of Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of Kiamichi Economic Development District of Oklahoma's internal control.

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

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

5028 E. 101st Street

Tulsa, OK 74137

TEL: 918.492.3388

FAX: 918.492.4443

www.hinklecpas.com

Compliance and Other Matters

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

Purpose of this Report

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

Hill & Company, PC

Tulsa, Oklahoma
January 29, 2020





**HINKLE &
COMPANY** PC
Strategic Business Advisors

Report on Compliance for Each Major Federal Program: Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited the Kiamichi Economic Development District of Oklahoma compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a material effect on each of the Kiamichi Economic Development District of Oklahoma's major federal award programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Kiamichi Economic Development District of Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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



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

We have audited the financial statements of KEDDO as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise KEDDO's basic financial statements. We issued our report thereon dated January 29, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Hill & Company, PC

Tulsa, Oklahoma
January 29, 2020



KEDDO
Schedule of Expenditures of Federal Awards
June 30, 2019

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
FEDERAL PROGRAMS				
<u>U.S. Department of Health and Human Services</u>				
<i>Pass-Through the Oklahoma Department of Human Services</i>		56652		
Special Programs for the Aging				
B Admin	93.004		\$ 23,846	\$ -
Title VII	93.041		3,920	-
Title III, Part B Grants for Supportive Services & Senior Centers	93.044		224,850	173,708
Title III, Part C-1 Nutrition Services	93.045		309,412	278,559
Title III, Part C-2 Nutrition Services	93.045		156,053	144,214
Title III, Part E Care Giver Support	93.052		63,710	55,627
Nutrition Services Incentive Program	93.053		160,371	160,371
Total Aging Cluster			<u>942,162</u>	<u>812,479</u>
<i>Pass-Through the Department of Oklahoma Insurance</i>				
Medicare Improvements for Patients & Providers Act (MIPPA)	93.071		<u>10,445</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>952,607</u>	<u>-</u>
<u>U.S. Department of Commerce</u>				
Economic Development Planning Assistance	11.301		<u>70,000</u>	<u>-</u>
			<u>\$ 1,022,607</u>	<u>\$ 812,479</u>

Kiamichi Economic Development District of Oklahoma
Notes to Schedule of Expenditures of Federal Awards
June 30, 2019

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of Kiamichi Economic Development District of Oklahoma for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Kiamichi Economic Development District of Oklahoma, it is not intended to and does not present the financial position, changes in net position, or cash flows of Kiamichi Economic Development District of Oklahoma.

Note B: Summary of Significant Accounting Policies

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

Note C: Indirect Cost Rate

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

Kiamichi Economic Development District of Oklahoma Schedule of Findings and Questioned Costs Year Ended June 30, 2019

Summary of Auditors' 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 auditors' 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 auditors' 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	CFDA Number
Special Programs for the Aging – B Admin	93.004
Special Programs for the Aging – Title VII	93.041
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
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

(Continued)

Summary of Auditors' Results (Continued)

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

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

Findings Required to be Reported by Government Auditing Standards

No matters are reportable.

Findings Required to be Reported by the Uniform Guidance

No matters are reportable.

Kiamichi Economic Development District of Oklahoma
Summary Schedule of Prior Audit Findings
June 30, 2019

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.

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