

# Osage Nation

Governmental Programs Department

Financial Statements, Independent Auditor's Report, and  
Single Audit Reporting Package

September 30, 2023

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**Osage Nation  
Governmental Programs Department**

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# Osage Nation Governmental Programs Department

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## Independent Auditor's Report

Principal Chief and Honorable Members of the Osage Nation Congress  
Osage Nation  
Pawhuska, Oklahoma

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

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Osage Nation Governmental Programs Department (the "Department") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Department'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 respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Department as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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 Department, 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 opinions.

#### ***Emphasis of Matter***

As discussed in Note 1, the financial statements of the Department are intended to present the financial position and the changes in financial position and, where applicable, cash flows of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of the Osage Nation that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the Osage Nation as of September 30, 2023, and the changes in its financial position and, where applicable, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

### ***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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, 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 Department'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.

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***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department'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*, is presented for purposes of additional analysis, and is 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. 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 Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2024, on our consideration of the Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

**REDW** LLC

Phoenix, Arizona

June 27, 2024

## Government-Wide Financial Statements

**Osage Nation**  
**Governmental Programs Department**  
**Statement of Net Position**  
**September 30, 2023**

|   | Governmental<br>Activities |
|---|----------------------------|
| <b>Assets</b>   |                            |
| Current assets  |                            |
| Cash  | \$ 127,546,649             |
| Restricted cash   | 1,746,850                  |
| Investments   | 120,971,591                |
| Accounts receivable, net  | 2,239,467                  |
| Due from other department - proprietary funds                         | 2,324,709                  |
| Due from funding agencies   | 5,594,071                  |
| Inventory   | 254,872                    |
| Lease receivable, current   | 173,439                    |
| Prepaid expenses and other assets                                     | <u>1,710,084</u>           |
| Total current assets  | <u>262,561,732</u>         |
| Noncurrent assets   |                            |
| Lease receivable, net of current                                      | 243,432                    |
| Capital and right-to-use assets                                       |                            |
| Land and construction in progress, not being depreciated or amortized | 135,620,317                |
| Capital and right-to-use assets, net of depreciation/amortization     | <u>106,989,041</u>         |
| Total noncurrent assets   | <u>242,852,790</u>         |
| Total assets  | <u>505,414,522</u>         |
| <b>Liabilities</b>  |                            |
| Current liabilities   |                            |
| Accounts payable  | 17,125,350                 |
| Accrued liabilities   | 2,970,891                  |
| Unearned grant revenue  | 117,081,891                |
| Current portion of lease liabilities                                  | 14,714                     |
| Current portion of subscription liabilities                           | <u>362,574</u>             |
| Total current liabilities   | <u>137,555,420</u>         |
| Long-term liabilities   |                            |
| Compensated absences  | 1,594,303                  |
| Lease liabilities, net of current portion                             | 57,686                     |
| Subscription liabilities, net of current portion                      | <u>411,919</u>             |
| Total long-term liabilities   | <u>2,063,908</u>           |
| Total liabilities   | <u>139,619,328</u>         |

**The accompanying notes are an integral part of these financial statements.**



**Osage Nation**  
**Governmental Programs Department**  
Statement of Net Position – continued  
September 30, 2023

|   | Governmental<br>Activities |
|---|----------------------------|
| <b>Deferred Inflows of Resources</b>      |                            |
| Deferred inflows - leases                 | 404,805                    |
| <b>Net Position</b>                       |                            |
| Net investment in capital assets          | 242,609,358                |
| Restricted for land management            | 1,746,850                  |
| Restricted for health clinic construction | 1,393,687                  |
| Restricted for program services           | 37,016,213                 |
| Unrestricted                              | 83,133,006                 |
| Total net position                        | \$ 365,899,114             |

**The accompanying notes are an integral part of these financial statements.**

**Osage Nation**  
**Governmental Programs Department**  
**Statement of Activities**  
**For The Year Ended September 30, 2023**

|  | Program Revenues      |                         |  |  | Net (Expense)                             |
|--|-----------------------|-------------------------|--|--|---|
|  | Expenses              | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital Grants<br>and<br>Contributions | Revenue and<br>Changes in<br>Net Position |
| <b>Functions/Programs</b>                            |                       |                         |  |  | Governmental                              |
|  |                       |                         |  |  | Activities                                |
| Governmental activities                              |                       |                         |  |  |   |
| General government                                   | \$ 48,904,193         | \$ 3,042,562            | \$ 19,319,030                            | \$ 15,981,767                          | \$ (10,560,834)                           |
| Education  | 11,686,118            | 1,875                   | 5,405,544                                | -                                      | (6,278,699)                               |
| Health and human services                            | 37,093,804            | 12,309,481              | 16,415,918                               | 1,669,599                              | (6,698,806)                               |
| Community services                                   | 3,415,046             | -                       | 836,521                                  | 123,875                                | (2,454,650)                               |
| Cultural and languages                               | 2,774,952             | -                       | -  | -                                      | (2,774,952)                               |
| Environmental management                             | 626,127               | -                       | 143,469                                  | 503,914                                | 21,256                                    |
| Housing services                                     | 2,501,355             | -                       | 1,821,237                                | -                                      | (680,118)                                 |
| Public safety  | 3,318,749             | 270                     | 428,486                                  | 6,295                                  | (2,883,698)                               |
| Public works   | 1,705,858             | -                       | 1,547,615                                | 12,132,081                             | 11,973,838                                |
| Economic development                                 | 1,689,214             | -                       | -  | -                                      | (1,689,214)                               |
| Total governmental activities                        | <u>\$ 113,715,416</u> | <u>\$ 15,354,188</u>    | <u>\$ 45,917,820</u>                     | <u>\$ 30,417,531</u>                   | <u>(22,025,877)</u>                       |
| General revenues, transfers, and distributions       |                       |                         |  |  |   |
| Tobacco tax revenue                                  |                       |                         |  |  | 2,293,758                                 |
| Investment revenue                                   |                       |                         |  |  | 7,498,289                                 |
| Interest expense                                     |                       |                         |  |  | (3,124)                                   |
| Rental income  |                       |                         |  |  | 1,005,097                                 |
| Transfers net, to other departments                  |                       |                         |  |  | (3,035,313)                               |
| Contributions from component units, net              |                       |                         |  |  | 66,917,058                                |
| Distributions to local governments                   |                       |                         |  |  | (866,685)                                 |
| Total general revenues, transfers, and distributions |                       |                         |  |  | <u>73,809,080</u>                         |
| Change in net position                               |                       |                         |  |  | 51,783,203                                |
| Net position, beginning of year                      |                       |                         |  |  | <u>314,115,911</u>                        |
| Net position, end of year                            |                       |                         |  |  | <u>\$ 365,899,114</u>                     |

**The accompanying notes are an integral part of these financial statements.**

## Fund Financial Statements

## *Governmental Funds*

**Osage Nation**  
**Governmental Programs Department**  
**Balance Sheet – Governmental Funds**  
**September 30, 2023**

|  | General<br>Fund      | Grants and<br>Contracts<br>Fund | Total<br>Governmental<br>Funds |
|--|----------------------|---------------------------------|--------------------------------|
| <b>Assets</b>  |                      |                                 |                                |
| Cash   | \$ 41,099,692        | \$ 84,026,276                   | \$ 125,125,968                 |
| Restricted cash  | 1,746,850            | -                               | 1,746,850                      |
| Investments  | 34,561,040           | 86,410,551                      | 120,971,591                    |
| Accounts receivable, net                               | 1,615,813            | 965,754                         | 2,581,567                      |
| Due from other funds                                   | 6,814,409            | -                               | 6,814,409                      |
| Due from funding agencies                              | -                    | 5,594,071                       | 5,594,071                      |
| Inventory  | 8,789                | 246,083                         | 254,872                        |
| Lease receivable                                       | 416,871              | -                               | 416,871                        |
| Prepaid expenses and other assets                      | 357,431              | 848,650                         | 1,206,081                      |
| Total assets   | <u>\$ 86,620,895</u> | <u>\$ 178,091,385</u>           | <u>\$ 264,712,280</u>          |
| <b>Liabilities, Deferred Inflows and Fund Balances</b> |                      |                                 |                                |
| Liabilities  |                      |                                 |                                |
| Accounts payable                                       | \$ 1,374,958         | \$ 15,368,354                   | \$ 16,743,312                  |
| Accrued liabilities                                    | 813,738              | 1,470,084                       | 2,283,822                      |
| Unearned grant revenue                                 | -                    | 117,081,891                     | 117,081,891                    |
| Due to other funds                                     | -                    | <u>6,060,110</u>                | <u>6,060,110</u>               |
| Total liabilities                                      | <u>2,188,696</u>     | <u>139,980,439</u>              | <u>142,169,135</u>             |
| Deferred inflows of resources                          |                      |                                 |                                |
| Deferred inflows - leases                              | <u>404,805</u>       | <u>-</u>                        | <u>404,805</u>                 |
| Fund balances  |                      |                                 |                                |
| Nonspendable   | 366,220              | 1,094,733                       | 1,460,953                      |
| Restricted   | 3,140,537            | 37,016,213                      | 40,156,750                     |
| Committed  | 68,794,450           | -                               | 68,794,450                     |
| Assigned   | 868,300              | -                               | 868,300                        |
| Unassigned   | <u>10,857,887</u>    | <u>-</u>                        | <u>10,857,887</u>              |
| Total fund balances                                    | <u>84,027,394</u>    | <u>38,110,946</u>               | <u>122,138,340</u>             |
| Total liabilities and fund balances                    | <u>\$ 86,620,895</u> | <u>\$ 178,091,385</u>           | <u>\$ 264,712,280</u>          |

**The accompanying notes are an integral part of these financial statements.**

**Osage Nation**  
**Governmental Programs Department**  
**Reconciliation of the Balance Sheet – Governmental**  
**Funds to the Statement of Net Position**  
**September 30, 2023**

**Fund balances - governmental funds** \$ 122,138,340

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. These amounts exclude internal service fund capital assets.

|   |                     |             |
|---|---------------------|-------------|
| Capital and right-to-use assets           | \$ 277,709,664      |             |
| Accumulated depreciation and amortization | <u>(41,327,785)</u> | 236,381,879 |

Certain liabilities reported in the statement of net position are long-term in nature and not due and payable in the current period and, therefore, are not reported in the funds.

|  |           |             |
|--|-----------|-------------|
| Subscription liabilities (excluding internal service fund liabilities) | (139,467) |             |
| Lease liabilities  | (72,400)  |             |
| Compensated absences   |           | (1,594,303) |

An internal service fund is used by the Department to provide shared services to individual funds; the assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.

9,185,065

**Net position of governmental activities** **\$ 365,899,114**

**The accompanying notes are an integral part of these financial statements.**

**Osage Nation**  
**Governmental Programs Department**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances – Governmental Funds**  
**For the Year Ended September 30, 2023**

|   | General<br>Fund      | Grants and<br>Contracts<br>Fund | Total<br>Governmental<br>Funds |
|---|----------------------|---------------------------------|--------------------------------|
| <b>Revenues</b>                           |                      |                                 |                                |
| Grants and contracts revenue              | \$ -                 | \$ 76,335,351                   | \$ 76,335,351                  |
| Tobacco tax revenue                       | 2,293,758            | -                               | 2,293,758                      |
| Program revenue                           | 2,528,008            | 12,036,018                      | 14,564,026                     |
| Investment income                         | 3,144,862            | 4,353,427                       | 7,498,289                      |
| Rental income                             | 1,005,097            | -                               | 1,005,097                      |
| Other                                     | 788,287              | 1,875                           | 790,162                        |
| Total revenues                            | <u>9,760,012</u>     | <u>92,726,671</u>               | <u>102,486,683</u>             |
| <b>Expenditures</b>                       |                      |                                 |                                |
| Current                                   |                      |                                 |                                |
| General government                        | 16,152,659           | 28,530,674                      | 44,683,333                     |
| Education                                 | 10,776,895           | 17,000                          | 10,793,895                     |
| Health and human services                 | 16,305,717           | 17,956,011                      | 34,261,728                     |
| Community services                        | 2,346,549            | 807,766                         | 3,154,315                      |
| Culture and Language                      | 2,563,090            | -                               | 2,563,090                      |
| Environmental management                  | 467,816              | 110,505                         | 578,321                        |
| Housing services                          | 389,137              | 1,921,244                       | 2,310,381                      |
| Public safety                             | 2,767,741            | 297,623                         | 3,065,364                      |
| Public works                              | 611,239              | 964,379                         | 1,575,618                      |
| Economic development                      | 1,560,245            | -                               | 1,560,245                      |
| Capital outlay                            | 7,662,633            | 30,417,531                      | 38,080,164                     |
| Debt service                              |                      |                                 |                                |
| Principal                                 | 7,606                | 7,086                           | 14,692                         |
| Interest                                  | 1,210                | 1,914                           | 3,124                          |
| Total expenditures                        | <u>61,612,537</u>    | <u>81,031,733</u>               | <u>142,644,270</u>             |
| Revenues over (under) expenditures        | <u>(51,852,525)</u>  | <u>11,694,938</u>               | <u>(40,157,587)</u>            |
| <b>Other Financing Sources (Uses)</b>     |                      |                                 |                                |
| SBITA and lease recognition               | 147,073              | 79,486                          | 226,559                        |
| Transfers in                              | 2,250,000            | 3,123,545                       | 5,373,545                      |
| Transfers out                             | (7,016,193)          | (2,964,112)                     | (9,980,305)                    |
| Distributions to local governments        | (866,685)            | -                               | (866,685)                      |
| Distributions to component units          | (1,425,000)          | -                               | (1,425,000)                    |
| Distributions from component units        | 68,342,058           | -                               | 68,342,058                     |
| Total other financing sources (uses), net | <u>61,431,253</u>    | <u>238,919</u>                  | <u>61,670,172</u>              |
| Net change in fund balances               | 9,578,728            | 11,933,857                      | 21,512,585                     |
| Fund balances, beginning of year          | 74,448,666           | 26,177,089                      | 100,625,755                    |
| Fund balances, end of year                | <u>\$ 84,027,394</u> | <u>\$ 38,110,946</u>            | <u>\$ 122,138,340</u>          |

**The accompanying notes are an integral part of these financial statements.**

**Osage Nation**  
**Governmental Programs Department**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures and Changes in Fund Balances – Governmental**  
**Funds to the Statement of Activities**  
**For the Year Ended September 30, 2023**

**Net changes in fund balance - governmental funds** \$ 21,512,585

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in the fund financial statements because they use current financial resources, but they are presented as assets in the statement of net position and depreciated over their estimated economic lives. Amounts below exclude internal service fund capital asset activity.

In the current period, these amounts are:

|                      |                    |            |
|----------------------|--------------------|------------|
| Capital outlay       | \$ 38,080,164      |            |
| Depreciation expense | <u>(9,407,670)</u> |            |
|                      |                    | 28,672,494 |

Internal service funds are used by the Department to charge the costs of certain activities to the individual funds. The change in net position of internal service funds applicable to governmental activities is reported with governmental activities.

2,302,437

Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. In the current year, this amount, excluding payments made within the internal service fund, consist of:

|                           |  |        |
|---------------------------|--|--------|
| Long-term debt retirement |  | 14,692 |
|---------------------------|--|--------|

Some revenues and expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported in governmental funds.

|  |                  |                  |
|--|------------------|------------------|
| Recognition of SBITA and right-to-use asset agreements | \$ (226,559)     |                  |
| Changes in compensated absences                        | <u>(492,446)</u> |                  |
|  |                  | <u>(719,005)</u> |

**Change in net position of governmental activities** **\$ 51,783,203**

**The accompanying notes are an integral part of these financial statements.**



*Proprietary Funds*

**Osage Nation**  
**Governmental Programs Department**  
**Statement of Net Position – Proprietary Fund**  
**September 30, 2023**

|   | Governmental<br>Activities |
|---|----------------------------|
|   | Internal<br>Service Fund   |
| <b>Assets</b>   |                            |
| Current assets  |                            |
| Cash  | \$ 2,420,681               |
| Accounts receivable   | 166,625                    |
| Due from other funds  | 1,570,410                  |
| Prepaid expenses  | 504,003                    |
| Total current assets  | 4,661,719                  |
| Noncurrent assets   |                            |
| Capital assets, not being depreciated                             | 2,270,888                  |
| Capital and right-to-use assets, being depreciated/amortized, net | 3,956,591                  |
| Total noncurrent assets   | 6,227,479                  |
| Total assets  | 10,889,198                 |
| <b>Liabilities</b>  |                            |
| Current liabilities   |                            |
| Accounts payable  | 382,038                    |
| Accrued liabilities   | 439,656                    |
| Health claims payable   | 247,413                    |
| Subscription liability  | 635,026                    |
| Total liabilities   | 1,704,133                  |
| <b>Net Position</b>   |                            |
| Unrestricted  | 9,185,065                  |
| Total net position  | \$ 9,185,065               |

**The accompanying notes are an integral part of these financial statements.**

**Osage Nation**  
**Governmental Programs Department**  
**Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund**  
**For the Year Ended September 30, 2023**

|   | Governmental<br>Activities |
|---|----------------------------|
|   | Internal<br>Service Fund   |
| <b>Operating Revenues</b>               |                            |
| Health claims cost recoveries           | \$ 5,885,297               |
| Indirect cost recoveries                | 12,164,040                 |
| Space cost recoveries                   | 1,988,714                  |
| Total operating revenues                | 20,038,051                 |
| <b>Operating Expenses</b>               |                            |
| Salaries and wages                      | 7,595,015                  |
| Health claims and other expenses        | 5,675,007                  |
| Repairs and maintenance                 | 1,224,528                  |
| Contractual and professional services   | 2,334,236                  |
| General and administrative              | 747,984                    |
| Equipment rental                        | 116,730                    |
| Office supplies                         | 418,299                    |
| Travel and training                     | 236,934                    |
| Miscellaneous expense                   | 214,380                    |
| Depreciation and amortization           | 700,002                    |
| Advertising                             | 9,076                      |
| Total operating expenses                | 19,272,191                 |
| Operating income                        | 765,860                    |
| <b>Nonoperating Revenues (Expenses)</b> |                            |
| Interest expense                        | (34,870)                   |
| Transfer in (out)                       | 1,571,447                  |
| Total nonoperating revenues (expenses)  | 1,536,577                  |
| Change in net position                  | 2,302,437                  |
| Net position, beginning of year         | 6,882,628                  |
| Net position, end of year               | \$ 9,185,065               |

**The accompanying notes are an integral part of these financial statements.**

**Osage Nation**  
**Governmental Programs Department**  
**Statement of Cash Flows – Proprietary Fund**  
**For the Year Ended September 30, 2023**

|  | Governmental<br>Activities |
|--|----------------------------|
|  | Internal<br>Service Fund   |
| <b>Cash flows from operating activities</b>                                      |                            |
| Cash received from other funds and departments                                   | \$ 17,795,006              |
| Cash paid to suppliers   | (4,907,144)                |
| Cash paid to employees   | (7,595,015)                |
| Cash paid for claims   | (5,776,169)                |
| Net cash used by operating activities  | (483,322)                  |
| <b>Cash flows from noncapital financing activities</b>                           |                            |
| Transfers from general fund  | 1,571,447                  |
| Net cash provided by noncapital financing activities                             | 1,571,447                  |
| <b>Cash flows from capital and related financing activities</b>                  |                            |
| Acquisition of capital assets  | (986,611)                  |
| Interest expense   | (34,870)                   |
| Net cash used by capital and related financing activities                        | (1,021,481)                |
| Net change in cash   | 66,644                     |
| Cash, beginning of year  | 2,354,037                  |
| Cash, end of year  | \$ 2,420,681               |
| <b>Reconciliation of operating loss to net cash used by operating activities</b> |                            |
| Operating loss   | \$ 765,860                 |
| Adjustments to reconcile operating loss to net cash used by operating activities |                            |
| Depreciation and amortization  | 700,002                    |
| Changes in assets and liabilities  |                            |
| Accounts receivable  | (124,433)                  |
| Prepaid expenses   | (224,732)                  |
| Accounts payable   | (42,213)                   |
| Accrued liabilities  | 248,638                    |
| Due to/from other funds  | (2,118,612)                |
| Health claims liability  | (58,949)                   |
| Lease liability  | 371,117                    |
| Net cash used by operating activities  | \$ (483,322)               |

**The accompanying notes are an integral part of these financial statements.**

**Osage Nation**  
**Governmental Programs Department**  
**Notes to Financial Statements**  
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**1) Organization and Summary of Significant Accounting Policies**

The Osage Nation Governmental Programs Department (the “Department”) is an organizational unit of the Osage Nation (the “Nation”), formerly known as the Osage Tribe of Indians of Oklahoma. The Nation is composed of the descendants of persons listed on the 1906 Osage Allotment Roll. There are currently approximately 25,000 tribal members. The Nation is located in Osage County in North Central Oklahoma on 2,200 acres and includes the cities of Hominy, Fairfax and Pawhuska. The main Tribal office is in Pawhuska, Oklahoma.

Effective March 11, 2006, the Nation adopted a new constitution, duly ratified by a vote of the Osage people. On July 1, 2006, the Osage Nation Congress and Executive Officers assumed operational control of the Osage Nation. The governing body of the Nation is vested in three separate branches: Legislative, Executive and Judicial. The Legislative branch consists of 12 representatives elected at large. The Osage Nation Congress’ primary responsibility is to draft the laws for the Nation. The voting members of the Nation hold elections every two years where six of the twelve Osage Nation Congress representatives’ seats are voted on a rotating basis with each representative being elected to a four-year term. The Executive branch provides the executive power of the Nation and consists of a Principal Chief and an Assistant Principal Chief. Principal Chief and Assistant Principal Chief are elected to four-year terms as determined by the voting members of the Nation. The Executive branch includes a Department of the Treasury. The Judicial branch provides the judicial powers of the Nation; these powers are vested in one Supreme Court, a lower Trial Court and such inferior courts as the Osage Nation Congress may ordain and establish.

Pursuant to the Osage Allotment Act of June 28, 1906, the Osage Nation Constitution of 2006 reserves the mineral estate of the Osage Reservation to the Nation. Under this act, the Nation is required to allocate and distribute the revenue from the minerals estate to those who are entitled to receive such mineral royalty income from the mineral estate as provided by federal law. Prior to 2006, the Osage Tribal Council was responsible for the protection and preservation of the mineral estate and ensuring the rights of members of the Nation to income derived from the mineral estate. In 2006, a new constitution was approved, which separated the mineral estate from the tribal government and created a minerals management agency, the Osage Minerals Council, to protect and preserve the mineral estate and ensure the rights of members of the Nation. The Osage Minerals Council consists of Nation members who are entitled to receive mineral royalty income from the mineral estate as provided by federal law. The Osage Minerals Council is recognized by the Nation’s government as an independent agency within the Nation established for the sole purpose of continuing the previous duties of the Osage Tribal Council to administer and develop the mineral estate in accordance with the Osage Allotment Act of June 28, 1906. Pursuant to the Osage Nation Constitution of 2006, the Osage Minerals Council is elected to serve a four-year term by WE Nation members entitled to receive mineral royalty income. The Osage

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Minerals Council has no legislative authority for the Nation's government. The administrative costs of the Osage Mineral Council are included in the General Fund in the accompanying financial statements. Funding for these costs comes primarily through an annual allocation from the Bureau of Indian Affairs, which is reported in program income in the General Fund. The distribution of mineral royalty income to entitled mineral royalty income owners is administered by the Bureau of Indian Affairs; these distributions are not received by the Department and are not reflected in the accompanying financial statements.

Reporting Entity

The Department administers all federal, state, and private contracts received by the Nation and is comprised of the following funds:

*Governmental Funds*

- *General Fund:* The general fund is the Department's primary operating fund. It accounts for all governmental financial resources, except those required to be accounted for in another fund.
- *Grants and Contracts Fund:* The grants and contracts fund accounts for the proceeds of specific revenue sources legally restricted to expenditures for specific purposes. Federal and state intergovernmental contracts and grants are predominantly accounted for in this fund.

*Proprietary Fund*

- *Internal Service Fund:* The Department uses an internal service fund to account for several internal service type activities, which include:
  - a self-funded health insurance benefit plan
  - the Department's indirect cost pool
  - a property management department, which provides oversight and maintenance services for certain land and properties owned by the Department and charges a space cost to internal programs and funds

The Department does not administer any business-type activities.

Basis of Presentation

The Department's financial statements conform with generally accepted accounting principles (GAAP) applicable to government units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. GASB statements and interpretations constitute GAAP for governments, including Indian tribes.

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*Basic Financial Statements*

The basic financial statements of the Department include department-wide statements and fund financial statements. The focus is on the Department as a whole in the department-wide statements, while reporting additional and detailed information about the Department's major governmental activities in the fund financial statements.

*Department-Wide Financial Statements*

The Department-wide statement of net position and statement of activities display information about the Department's primary government.

The statement of net position reports the assets and liabilities of the Department. The net position section of this statement represents the residual amount of assets less their associated liabilities, and is divided into three categories. The first category is the net investment in capital assets, which includes all capital assets, net of accumulated depreciation and amortization, less any debt outstanding associated with the assets. Capital assets cannot readily be sold and converted into cash. The second category is restricted net position, which includes those assets that have a constraint placed on their use. The constraints are either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through ordinances or enabling legislation. The third category is unrestricted net position, and this represents net position that generally can be used for any purpose. However, they are not necessarily in a spendable form, like cash.

A statement of activities presents a comparison between direct expenses and program revenues for each function of the Department's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Department allocates indirect costs using a negotiated rate applied to the direct cost base of the applicable program. These allocated expenses are removed from the general government function and are added to the applicable program's function on the statement of activities.

Program revenues include:

- charges to customers or applicants for goods, services, or privileges provided,
- operating grants and contributions, and
- capital grants and contributions.

Governmental activities are financed primarily through sales and excise taxes, federal grants and distributions received from the Osage Casinos. During the year ended September 30, 2023, cash distributions from the Osage Casinos amounted to \$67,833,333.

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Generally, the effect of interfund activity has been eliminated from the department-wide financial statements to minimize the double counting of internal activities. However, charges for interfund services provided and used are not eliminated if the prices approximate their external exchange values.

*Fund Financial Statements*

The fund financial statements provide information about the Department's funds. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The Department's major governmental funds include the general fund and grants and contracts fund.

The Department has one proprietary fund, an internal service fund, which is comprised of a self-funded health insurance plan, an indirect cost pool, and space and property cost recovery program.

Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual method of accounting. Under this method, revenue is recorded when earned and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions in which the Department gives (or receives) value without directly receiving (or giving) equal value in exchange include grants, entitlements and donations. On an accrual basis, revenue from grants, entitlements and donations is recognized in the fiscal year in which eligibility requirements have been satisfied.

Proprietary fund operating revenue results from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses of proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Governmental funds are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The Department considers all revenue reported in the governmental funds to be available if the revenue is collected within 90 days after year-end, except for grants and contract revenues, which is generally recognized as revenue when earned as long as payment is expected to be received within 12 months after fiscal year-end. Expenditures are recorded when the related fund liability is incurred. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt and acquisitions under capital leases are reported as other financing sources and uses.



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Economic Dependency

The Department receives a significant portion of its governmental fund type revenues from various grants funded by federal and state governments, which are subject to legislative change.

Cash and Investments

Restricted cash amounts represent funds held on deposit with the U.S. Department of Interior for the purpose of future land management activities.

Short-term investments are stated at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. In addition, short-term investments are presented in the financial statements in accordance with GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, which addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk.

Investments are reported at fair value which is the amount at which financial instruments could be exchanged in a current transaction between willing parties. The Department may hold investments consisting of U.S. government obligations and short-term interest-bearing investments consisting of certificates of deposit, mutual funds, and other income producing securities. Money market accounts and certificates of deposits are carried at cost because they are not affected by market rate changes. Investment earnings, including interest income, are recorded in the funds which hold the cash and investments. The Department categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both department-wide and fund financial statements.

Interfund Receivables/Payables

During the course of operations, transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the accompanying fund financial statements and are eliminated in the accompanying government-wide financial statements. Interfund transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transfers are reported as transfers. Balances outstanding between the Department and other departments of the Tribe are reported in the financial statements as “due to/from other funds,” and reconciled in total in the notes to the financial statements.

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Accounts Receivable

The Department records normal business receivables as well as loans to tribal employees and travel advances. All reported amounts are shown net of any allowances. An allowance of \$862,746 has been recorded to allow for estimated uncollectible health clinic billings.

Lease Receivable and Deferred Inflows of Resources

The Department, as a lessor, reports a lease receivable and deferred inflows of resources for all leases meeting the requirements of GASB Statement No. 87, *Leases*. The lease receivable is recorded at the present value of the future lease payments. Over the lease term, the Department recognizes revenues from interest income and the amortization of the deferred inflow of resources. The Department considers these leases to be fully collectible, accordingly, no allowances for doubtful accounts has been established.

Due From Funding Agencies

Due from funding agencies consist of amounts due for reimbursement of approved expenditures on grants and contracts entered into with various governmental agencies. Receivables of this nature are not collateralized and are considered fully collectible. Amounts received from the federal government for grants and contracts are recognized as revenue when they are expended or obligated.

Inventories

Inventories are valued at average cost. Cost is determined using the first-in, first-out (FIFO) average cost method.

Capital and Right-to-Use Assets

In the government-wide and proprietary fund financial statements, certain acquisitions are accounted for as capital assets. All capital assets are valued at historical cost, net of accumulated depreciation. The cost of normal maintenance and repairs to these assets that do not add materially to the value of the asset or materially extend the assets' useful lives are not capitalized.

Capital assets are recorded at cost where historical records are available and at estimated cost where no historical records exist. Contributed assets, including those from the federal government, are recorded at estimated fair value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred. Reservation lands and related resources (such as timber stands and other natural resources) are not capitalized because there is not a historical cost associated with these assets. Capitalization thresholds (the dollar values above which

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asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets are as follows:

| Asset Category                     | Capitalization Threshold | Years |
|------------------------------------|--------------------------|-------|
| <b>Governmental Activities</b>     |                          |       |
| Buildings and improvements         | \$ 10,000                | 25    |
| Furniture, fixtures, and equipment | \$ 10,000                | 10    |
| Vehicles and mobile equipment      | \$ 10,000                | 5     |

The Department follows a capitalization threshold of \$5,000 when purchasing capital assets with federal grant money. The Department accounts for the impairment of capital assets using the guidance provided in GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. GASB Statement No. 42 is a two-step process of identifying potential impairments and testing for impairment. Asset impairment, as defined by GASB Statement No. 42, is a significant, unexpected decline in the service utility of a capital asset. Governments generally hold capital assets because of the services the capital assets provide; consequently, capital asset impairments affect the service utility of the assets. The events or changes in circumstances that lead to impairments are not considered normal and ordinary. At the time the capital asset was acquired, the event or change in circumstances would not have been expected to occur during the useful life of the capital asset. The Department had no impaired assets at September 30, 2023.

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the vendor, plus any capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying asset.

The Department, as a lessee, reports a right-to-use asset and lease liability for all leases meeting the requirements of GASB Statement No. 87, *Leases*. The right-to-use asset is initially measured as the lease liability, plus payments made before lease commencement, plus direct costs incurred to place the asset into service, less any incentives received prior to commencement.

**Compensated Absences**

Employees of the Department accrue vested paid time off (PTO) at a variable rate based on years of service. It is the Department's policy to liquidate unpaid PTO leave at September 30 from future sources rather than currently available expendable resources. Accordingly, governmental funds recognize annual leave when it is paid. Compensated absence liability at September 30, 2023, totaled \$1,594,303 for governmental activities. This amount is recorded in the accompanying government-

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wide statement of net position and is a reconciling item between the government-wide statement of net position and the governmental funds balance sheet. Employees accrue PTO at a rate of 6 hours per pay period for 0-3 years tenure, 8 hours per pay period for 3-10 years tenure, 10 hours per pay period for 10 or more years tenure. Employees can accrue a maximum of 260 hours of personal time off. If an employee reaches the maximum hours, leave will cease to accrue until the balance falls below 260.

Income Taxes

The Nation and its enterprises are exempt from federal and state income taxes based upon its sovereign nation status as a Native American Tribal Government. Accordingly, no provision for income tax expense or liability has been reflected in the accompanying financial statements.

Indirect Costs

Indirect costs represent costs of administration and operation, including accounting costs, which cannot be readily allocated to individual programs. These costs are paid from the indirect cost pool in the Internal Service Fund and allocated to applicable programs based on a negotiated indirect cost agreement. A rate of 23.96% was charged to all contributing programs based on total expenditures less items classified as pass-through expenditures.

Fund Equity

The financial statements have been presented in accordance with the reporting model required by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The intention of the Statement is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB Statement No. 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash, such as inventories, prepaid amounts, and long-term notes receivable, or they are legally or contractually required to remain intact. In addition to the nonspendable fund balance, GASB Statement No. 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- *Restricted*: Fund balances that are restricted for specific purposes stipulated by external parties, constitutional provisions, or enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

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- *Committed:* Fund balances that can only be used for the specific purposes determined by a formal action of the Department’s highest level of decision-making authority, the Osage Nation Congress. Commitments may be changed or lifted only by the Department taking the same formal action that imposed the constraint originally (for example, a resolution or ordinance).
- *Assigned:* Fund balances that are intended to be used by the Department for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the Director of Finance, or (b) an appointed body (such as budget or finance committee) or official to which the Congress has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted or committed. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type.
- *Unassigned:* Fund balance of the general fund that is not constrained for any particular purposes. It is also the residual classification for all negative fund balances.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of nonspendable, restricted, committed, assigned, and unassigned.

In the government-wide financial statements, net position is classified in the following categories:

- *Net investment in capital assets:* This amount consists of capital assets net of accumulated depreciation and amortization and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.
- *Restricted:* This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments, enabling legislation, or constitutional provisions.
- *Unrestricted:* This amount is all net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

Unearned Grant Revenue

Unearned grant revenue represents amounts that have been received by the programs from the respective funding agencies that have not yet been expended for the intended purposes.

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Budgets and Budgetary Accounting

The Department prepares annual budgets for its funds, but they are not included in these financial statements. Budgetary comparison schedules are not required for the general fund and grants and contracts fund as the budgets are not legally adopted. Budgets for federal and state grant funds are required by the grantor agencies. The budgets for federal and state grants are subject to final approval by the grantor agencies. During the year, budget modifications are made due to changes in funding and needs of the programs. All budget appropriations lapse at year-end.

Use of Estimates

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

New Governmental Accounting Standards Board (GASB) Pronouncements

The GASB has issued several statements which have not yet been implemented by the Department. The Department will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The impact of these pronouncements on the Department’s financial statement has not yet been determined.

For the year ended September 30, 2023, the Department implemented the provisions of GASB Statement No. 96, *Subscription Based Information Technology Arrangements (SBITA)*. This statement addresses accounting and financial reporting for SBITAs, a type of information technology (IT) arrangement (i.e. software licensing). The statement defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability, provides capitalization criteria, and requires footnote disclosures.

**2) Cash**

The composition of cash and cash equivalents at September 30, 2023, is as follows:

|                         |                       |
|-------------------------|-----------------------|
| Governmental activities |                       |
| Cash                    | \$ 127,546,649        |
| Restricted cash         | <u>1,746,850</u>      |
|                         | <u>\$ 129,293,499</u> |

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Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Department’s deposits may not be returned to it. The Department does not have a deposit policy for custodial credit risk. At September 30, 2023, the carrying amount of the Department’s governmental activities cash was \$129,293,499. Aggregate demand deposit bank balances were \$132,378,577. Of the bank balances, \$808,032 was covered by the Federal Deposit Insurance Corporation (FDIC), \$95,362,126 was secured by collateral pledged by the Department’s financial institution. The remaining \$36,208,419 was uninsured and uncollateralized.

**3) Investments**

The Department adopted an investment policy to govern the administration of the Department’s investment portfolio assets. The Department’s portfolio is managed by an external advisor who has full responsibility for investing funds placed with the organization within the parameters of the investment policy approved by the Department. The criteria for investing must adhere to the order of priority stated in the investment policy: 1) Safety, 2) Liquidity, 3) Yield, and 4) Capital growth.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Department will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investment transactions for the Department are conducted on a deliver-versus-payment basis. Securities are held by a third-party custodian designated by the treasurer and evidenced by trade confirmation receipts. At September 30, 2023, the balance of securities held by the third-party custodian was \$98,538,866. Certificates of deposits held by financial institutions totaled \$22,432,725.

Concentration of Credit Risk

The Department’s investments are comprised of the following as of September 30, 2023:

| <u>Governmental Activities</u> | <u>Fair Value</u>     | <u>Concentration Percentage</u> |
|--------------------------------|-----------------------|---------------------------------|
| Money market investments       | \$ 98,538,866         | 81.46%                          |
| Certificates of deposit        | <u>22,432,725</u>     | <u>18.54%</u>                   |
| Total investments              | <u>\$ 120,971,591</u> | <u>100.00%</u>                  |

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Fair Value Measurement

The Department's investments were measured and reported at fair value and are classified according to the following hierarchy:

- Level 1 Investments reflect prices quoted in active markets.
- Level 2 Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based on up on the pricing transparency of the instrument and should not be perceived as the particular investment's risk. The following table sets forth by level, within the fair value hierarchy, the Department's assets at fair value as of September 30, 2023:

|  | Level 1     | Level 2              | Level 3     | Total                 |
|--|-------------|----------------------|-------------|-----------------------|
| Investment type  |             |                      |             |                       |
| Money market investments                                       | \$ -        | \$ 98,538,866        | \$ -        | \$ 98,538,866         |
| Total investments accounted for at fair value                  | <u>\$ -</u> | <u>\$ 98,538,866</u> | <u>\$ -</u> | 98,538,866            |
| Certificates of deposit (excluded from fair value measurement) |             |                      |             | 22,432,725            |
| Total investments  |             |                      |             | <u>\$ 120,971,591</u> |

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes to market interest rates.

The Department's investment policy limits the maximum effective maturity of any single security to 30 years and provides that the market weighted-average effective maturity of any managed portfolio should be within +/- 25% of the market value weighted-average effective duration of the manager's appropriate index. Securities held in short-term working capital portfolios are limited securities administered under short-term active duration management.

At September 30, 2023, the Department's investment maturities, for applicable investments, are as follows:

| Governmental Activities                         | Fair Value            | Investment Maturities (In Years) |                |
|---|-----------------------|----------------------------------|----------------|
|   |                       | Less Than 1                      | Greater Than 1 |
| Money market investments                        | \$ 98,538,866         | \$ 98,538,866                    | \$ -           |
| Certificates of deposit                         | 22,432,725            | 22,432,725                       | -              |
| Total investments subject to interest rate risk | <u>\$ 120,971,591</u> | <u>\$ 120,971,591</u>            | <u>\$ -</u>    |



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Credit Risk – Investments

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment.

The Department’s investment policies require that cash and cash equivalents shall consist of money market instruments having a credit quality of “AA” or higher from a national rating agency. The Department’s bond credit concentration is expressed as a percentage of the total market value of the investment portfolio. Equity securities must have a minimum market capitalization of equity of \$500,000,000 and no one company shall represent more than 5.0% of the investment portfolio based on cost. Bonds and convertible bonds are subject to credit rating limits from a nationally recognized credit agency.

At September 30, 2023, the Department held investments with the following associated credit risk:

| Investment Type          | Rating | Rating Agency     | Investment Balance |
|--------------------------|--------|-------------------|--------------------|
| Money market investments | AAA-AA | Standard & Poor’s | \$ 98,538,866      |

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the Department’s deposits. As of September 30, 2023, the Department’s investments were not exposed to foreign currency risk.

**4) Due From Funding Agencies**

The following amounts are due from the respective funding agencies at September 30, 2023, for grant/contract program reimbursements reported in the governmental funds:

|  |                     |
|--|---------------------|
| U.S. Department of Health and Human Services     | \$ 2,012,119        |
| U.S. Department of the Interior                  | 2,003,369           |
| U.S. Department of Agriculture                   | 1,209,608           |
| U.S. Environmental Protection Agency             | 196,046             |
| U.S. Department of Justice                       | 126,049             |
| U.S. Department of Housing and Urban Development | 34,538              |
| U.S. Department of Education                     | 10,660              |
| U.S. Department of the Treasury                  | 1,682               |
| Total  | <u>\$ 5,594,071</u> |

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**5) Lease Receivable and Deferred Inflows of Resources**

The Department has entered into several lease agreements, as the lessor, with various third parties for the use of land and other assets. These leases were determined to be subject to GASB Statement No. 87, *Leases*. As such, the Department is reporting total lease receivables of \$416,871 and a corresponding deferred inflow of resources of \$(404,805) in the statement of net position and general fund balance sheet. The lease balances were calculated with an assumed 3% interest rate.

The following is a schedule of total principal and interest payments receivable under the lease agreements as of September 30, 2023.

| Year Ending September 30, | Principal         | Interest         | Total             |
|---------------------------|-------------------|------------------|-------------------|
| 2024                      | \$ 173,439        | \$ 15,394        | \$ 188,833        |
| 2025                      | 177,240           | 10,279           | 187,519           |
| 2026                      | 22,549            | 5,014            | 27,563            |
| 2027                      | 9,775             | 1,497            | 11,272            |
| 2028                      | 10,072            | 878              | 10,950            |
| 2029-3033                 | 23,796            | 842              | 24,638            |
| Total                     | <u>\$ 416,871</u> | <u>\$ 33,904</u> | <u>\$ 450,775</u> |

**6) Interfund and Transfer Activity**

The Department uses interfund accounts for temporary borrowing between funds. No repayment dates have been established, but borrowings are generally expected to be repaid within the current period.

Interfund receivables and payables balances at September 30, 2023, are summarized as follows:

|   | Due To<br>Other Funds | Due From<br>Other Funds |
|---|-----------------------|-------------------------|
| General fund                            | \$ -                  | \$ 6,814,409            |
| Grants and contracts fund               | 6,060,110             | -                       |
| Internal service                        | -                     | 1,570,410               |
| Other departments - business-type funds | 2,324,709             | -                       |
| Total                                   | <u>\$ 8,384,819</u>   | <u>\$ 8,384,819</u>     |

**Osage Nation**  
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Interfund Transfers

Interfund transfers are used when resources of one fund are used to subsidize a portion of operations accounted for in another fund or department. Interfund transfers for the year ended September 30, 2023, are summarized as follows:

|   | Transfers From<br>Other Funds | Transfers To<br>Other Funds |
|---|-------------------------------|-----------------------------|
| General fund                            | \$ 2,250,000                  | \$ 7,016,193                |
| Grants and contracts fund               | 3,123,545                     | 2,964,112                   |
| Internal service                        | 1,571,447                     | -                           |
| Other departments - business-type funds | <u>5,285,313</u>              | <u>2,250,000</u>            |
| Total                                   | <u>\$ 12,230,305</u>          | <u>\$ 12,230,305</u>        |

The principal purposes of the transfers are to fund programs and to manage cash flow. The General Fund transfers funds as determined by Osage Nation Congress' legislative act to meet cash match requirements or to supplement funding for programs. The Osage Revenue Tax Commission transfers residual income to the General Fund annually. The Osage Revenue Tax Commission total amounts transferred to the General Fund for fiscal year 2023 was \$2,250,000.

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**7) Capital and Right-to-Use Assets**

Capital and right-to-use assets activity for the year ended September 30, 2023, is summarized as follows:

|   | Governmental Activities                      |               |           |                                       | Balance at<br>September 30,<br>2023 |
|---|--|---------------|-----------|---------------------------------------|-------------------------------------|
|   | Restated<br>Balance at<br>October 1,<br>2022 | Additions     | Disposals | Transfers<br>and<br>Reclassifications |                                     |
| Capital assets, not being depreciated                                   |  |               |           |                                       |                                     |
| Land  | \$ 93,368,399                                | \$ 2,914,285  | \$ -      | \$ -                                  | \$ 96,282,684                       |
| Works of art  | 1,462,164                                    | -             | -         | -                                     | 1,462,164                           |
| Construction in progress  | 12,336,175                                   | 31,955,239    | -         | (6,415,945)                           | 37,875,469                          |
| Total capital assets, not being depreciated                             | 107,166,738                                  | 34,869,524    | -         | (6,415,945)                           | 135,620,317                         |
| Capital and right-to-use assets, being depreciated/amortized            |  |               |           |                                       |                                     |
| Buildings and improvements  | 127,843,238                                  | 527,951       | -         | 6,275,233                             | 134,646,422                         |
| Furniture, fixtures, and equipment                                      | 12,381,708                                   | 1,209,043     | -         | 140,712                               | 13,731,463                          |
| Broadband infrastructure  | 100,403                                      | 4,610         | -         | 804,109                               | 909,122                             |
| Vehicles  | 6,147,415                                    | 1,476,434     | -         | (804,109)                             | 6,819,740                           |
| Right-to-use lease - buildings  | -  | 79,486        | -         | -                                     | 79,486                              |
| Right-to-use subscription assets  | 263,910                                      | 899,726       | -         | -                                     | 1,163,636                           |
| Total capital and right-to-use assets, being depreciated/amortized      | 146,736,674                                  | 4,197,250     | -         | 6,415,945                             | 157,349,869                         |
| Less accumulated depreciation and amortization for                      |  |               |           |                                       |                                     |
| Buildings and improvements  | (32,571,069)                                 | (5,729,672)   | -         | -                                     | (38,300,741)                        |
| Furniture, fixtures, and equipment                                      | (4,207,972)                                  | (3,078,432)   | -         | -                                     | (7,286,404)                         |
| Broadband infrastructure  | (148,620)                                    | (90,912)      | -         | -                                     | (239,532)                           |
| Vehicles  | (3,325,495)                                  | (798,682)     | -         | -                                     | (4,124,177)                         |
| Right-to-use lease - buildings  | -  | (7,949)       | -         | -                                     | (7,949)                             |
| Right-to-use subscription assets  | -  | (402,025)     | -         | -                                     | (402,025)                           |
| Total accumulated depreciation and amortization                         | (40,253,156)                                 | (10,107,672)  | -         | -                                     | (50,360,828)                        |
| Total capital and right-to-use assets, being depreciated/amortized, net | 106,483,518                                  | (5,910,422)   | -         | 6,415,945                             | 106,989,041                         |
| Total capital and right-to-use assets, net                              | \$ 213,650,256                               | \$ 28,959,102 | \$ -      | \$ -                                  | \$ 242,609,358                      |

Depreciation and amortization expense for the year ended September 30, 2023, was charged to governmental functions as follows:

|                           | Governmental<br>Activities |
|---------------------------|----------------------------|
| General government        | \$ 4,020,861               |
| Education                 | 971,296                    |
| Health and human services | 3,083,066                  |
| Community services        | 283,843                    |
| Cultural and languages    | 230,641                    |
| Environmental management  | 52,041                     |
| Housing services          | 207,901                    |
| Public safety             | 275,839                    |
| Public works              | 141,782                    |
| Economic development      | 140,400                    |
| Internal service fund     | 700,002                    |
|                           | <u>\$ 10,107,672</u>       |

**Osage Nation**  
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**8) Long-Term Liabilities**

Changes in long-term liabilities for the year ended September 30, 2023, were as follows:

|   | Restated<br>Balance at<br>October 1,<br>2022 | Additions           | Deductions            | Balance at<br>September 30,<br>2023 | Amounts Due<br>Within One Year |
|---|--|---------------------|-----------------------|-------------------------------------|--------------------------------|
| Governmental activities                       |  |                     |                       |                                     |                                |
| Lease liabilities                             | \$ -   | \$ 79,486           | \$ (7,086)            | \$ 72,400                           | \$ 14,714                      |
| Subscription liabilities                      | 263,910                                      | 899,725             | (389,142)             | 774,493                             | 362,574                        |
| Compensated absences                          | 1,101,857                                    | 1,933,783           | (1,441,337)           | 1,594,303                           | -                              |
| Governmental activities long-term liabilities | <u>\$ 1,365,767</u>                          | <u>\$ 2,912,994</u> | <u>\$ (1,837,565)</u> | <u>\$ 2,441,196</u>                 | <u>\$ 377,288</u>              |

Lease Liabilities

In April of 2023, Department entered into a lease agreement with the City of Church of Bartlesville, Inc to lease a building at 1230 Main Street in the city of Pawhuska, Oklahoma. The lease agreement is for 5 years and ends in March of 2028. The future lease payment obligations are outlined below:

| Years Ending September 30, | Lease<br>Payment | Interest<br>Payment |
|----------------------------|------------------|---------------------|
| 2024                       | \$ 14,714        | \$ 3,286            |
| 2025                       | 15,467           | 2,533               |
| 2026                       | 16,258           | 1,742               |
| 2027                       | 17,090           | 910                 |
| 2028                       | 8,871            | 130                 |
| Total                      | <u>\$ 72,400</u> | <u>\$ 8,601</u>     |

Subscription Liabilities

With the implementation of GASB 96, it was required to restate the prior fiscal year ending balance by including the subscription liability of \$263,910.

As of September 30, 2023, the Department had subscription liabilities totaling \$774,493 related to seven SBITAs, with an estimated interest rate of 5%. These liabilities are scheduled to mature between the fiscal years 2025 and 2027. In fiscal year 2023, the Department made principal payments of \$389,142 and interest payments of \$39,980 on these subscription liabilities.

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Future debt-service requirements of the governmental activities' subscription liabilities are as follows:

| Years Ending September 30, | Principal         | Interest         | Totals            |
|----------------------------|-------------------|------------------|-------------------|
| 2024                       | \$ 362,574        | \$ 29,350        | \$ 391,924        |
| 2025                       | 310,032           | 13,555           | 323,587           |
| 2026                       | 101,887           | 1,493            | 103,380           |
| Total                      | <u>\$ 774,493</u> | <u>\$ 44,398</u> | <u>\$ 818,891</u> |

**9) Unearned Grant Revenue**

The following governmental fund monies received from the respective funding agencies were unspent as of September 30, 2023:

|  |                       |
|--|-----------------------|
| U.S. Department of the Treasury              | \$ 67,466,044         |
| U.S. Department of Health and Human Services | 19,636,809            |
| U.S. Department of Transportation            | 16,684,490            |
| U.S. Department of the Interior              | 12,189,399            |
| U.S. Department of Commerce                  | 273,905               |
| U.S. Department of Homeland Security         | 5,655                 |
| U.S. Department of Justice                   | 22,493                |
| State, Private, and other funding sources    | <u>803,096</u>        |
| Total  | <u>\$ 117,081,891</u> |

**10) Risk Management**

The Department is self-insured up to certain limits for employee group health claims. The Department has purchased stop-loss insurance, which will reimburse the Department for individual claims in excess of \$225,000 annually and for aggregate claims with a minimum attachment point of \$11,375,449. The insurance contract runs October 1 through September 30 of the next fiscal year. Operations are charged with the cost of claims reported less stop-loss reimbursement received.

**Osage Nation**  
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The claims liability has been estimated based on open claims at September 30, 2023, and is included in accrued liabilities on the statement of net position. The Department believes that this method of estimating the liability is sufficient to determine the amount of open claims and to provide for claims that have been incurred but not reported (IBNR). This liability includes all open claims for the health plan. A summary of the estimated aggregate liability for claims, including claims incurred but not reported at September 30, 2023 and 2022, is as follows:

|                                   | 2023        | 2022        |
|-----------------------------------|-------------|-------------|
| Unpaid claims, beginning of year  | \$ 306,362  | \$ 402,571  |
| Incurred claims, including IBNR's | 3,614,260   | 4,592,843   |
| Claim payments                    | (3,673,209) | (4,689,052) |
| Unpaid claims, end of year        | \$ 247,413  | \$ 306,362  |

The Department is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees (i.e., workers' compensation), tort actions and environmental damage. A variety of methods are used to provide insurance for these risks. Commercial insurance policies, transferring all risks of loss except for relatively small deductible amounts, are purchased for property and content damage, tort actions and errors and omissions. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years. Given the lack of coverage available, the Department has no coverage for potential losses due to environmental damages. The amounts of any potential future losses for environmental damages are unknown.

**11) Osage Nation Members' Health Benefits**

The Department provides for an annual health benefit for all members. The health benefit provides a maximum of \$500 per year for eligible health care costs for members under age 65 and up to \$1,000 per year for members over age 65. The health benefit plan offers members over 65 an option of either the \$1,000 maximum benefit or a supplemental Medicare policy. The health benefit plan operates on a calendar year and is administered by a third-party administrator. For fiscal year 2023, the expenditures for member benefits were \$13,174,508. The Department expenses the benefit payments as they are paid to the third-party administrator by the members. The Osage Nation Congress appropriates funds to cover the estimated cost of the health benefit each fiscal year. The unspent balance of the appropriation at September 30, 2023, was \$5,185,377 and is reported as committed fund balance in the General Fund.

**Osage Nation**  
**Governmental Programs Department**  
**Notes to Financial Statements**  
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**12) Components of Fund Balance**

At September 30, 2023, components of fund balance are classified as follows:

|  | General<br>Fund      | Grants and<br>Contracts | Total<br>Governmental<br>Funds |
|--|----------------------|-------------------------|--------------------------------|
| Nonspendable                                     | \$ 366,220           | \$ 1,094,733            | \$ 1,460,953                   |
| Restricted                                       |                      |                         |                                |
| Restricted by BIA - Land Management              | 1,746,850            | -                       | 1,746,850                      |
| Restricted for health clinic construction        | 1,393,687            | -                       | 1,393,687                      |
| Restricted for grant purpose                     | -                    | 37,016,213              | 37,016,213                     |
| Total restricted                                 | <u>3,140,537</u>     | <u>37,016,213</u>       | <u>40,156,750</u>              |
| Committed for                                    |                      |                         |                                |
| Permanent fund                                   | 31,189,275           | -                       | 31,189,275                     |
| Osage war memorial                               | 103,843              | -                       | 103,843                        |
| Burial assistance fund revolving                 | 1,222,941            | -                       | 1,222,941                      |
| Real property purchasing fund revolving          | 1,074,654            | -                       | 1,074,654                      |
| Museum revolving                                 | 144,990              | -                       | 144,990                        |
| Grayhorse Village                                | 64,117               | -                       | 64,117                         |
| Pawhuska Village                                 | 973,196              | -                       | 973,196                        |
| Hominy Village                                   | 105,067              | -                       | 105,067                        |
| Higher education scholarship fund revolving      | 2,595,160            | -                       | 2,595,160                      |
| Osage Nation bar association revolving           | 83,575               | -                       | 83,575                         |
| Donations fund revolving                         | 2,612,763            | -                       | 2,612,763                      |
| Health benefit plan revolving                    | 5,185,377            | -                       | 5,185,377                      |
| Freeman monument fund revolving                  | 10,000               | -                       | 10,000                         |
| Osage Nation code fund revolving                 | 12,502               | -                       | 12,502                         |
| Campus master plan revolving                     | 88,329               | -                       | 88,329                         |
| Regional gathering fund revolving                | 11,609               | -                       | 11,609                         |
| Matching grant fund revolving                    | 1,092,699            | -                       | 1,092,699                      |
| Capital assets and improvement fund revolving    | 3,588,273            | -                       | 3,588,273                      |
| Tax relief fund revolving                        | 2,306,521            | -                       | 2,306,521                      |
| Restricted property re-purchase revolving        | 1,422,044            | -                       | 1,422,044                      |
| Osage Nation property improvement fund revolving | 638,759              | -                       | 638,759                        |
| Donor fund                                       | 424,166              | -                       | 424,166                        |
| Minerals council                                 | 406,665              | -                       | 406,665                        |
| Retained revenue fund                            | 13,121,222           | -                       | 13,121,222                     |
| S-510  | 316,703              | -                       | 316,703                        |
| Total committed                                  | <u>68,794,450</u>    | <u>-</u>                | <u>68,794,450</u>              |
| Assigned   |                      |                         |                                |
| Property income account revolving                | 868,300              | -                       | 868,300                        |
| Unassigned                                       | <u>10,857,887</u>    | <u>-</u>                | <u>10,857,887</u>              |
| Total fund balances                              | <u>\$ 84,027,394</u> | <u>\$ 38,110,946</u>    | <u>\$ 122,138,340</u>          |

The Department established a Permanent Fund through Legislation (ONCA 12-85). The Permanent Fund is invested in accordance with the Department's approved investment policy, and investment earnings are available for general appropriations. The Department may not borrow, encumber or appropriate funds from the Permanent Fund except for expenditure on direct services for Osage Nation membership.



**Osage Nation**  
**Governmental Programs Department**  
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**13) Retirement Plan**

Effective March 19, 2010, the Department entered into the Osage Nation 401(k) plan administered by the Bank of Oklahoma Financial. Effective December 16, 2015, the Department appointed a successor trustee, custodian and record- keeper for the Osage Nation 401(k) plan, Bank of Oklahoma Financial, NA. The Department will match up to 5% of each employee's actual compensation. Employee contributions are allowed up to the annual limits as established by the Internal Revenue Service. The employees are 100% vested in the 401(k) plan. Contributions made by the employees to the 401(k) plan for the year ended September 30, 2023, were approximately \$1,0306,494. Contributions made by the Department to the 401(k) plan for the employees for the year ended September 30, 2023, were approximately \$757,250.

The Osage Nation Congress established a separate 401(k) plan for congressional members in 2013, administered by John Hancock. The plan allows for contributions up to the aggregate legal limits established by the Internal Revenue Service and provides for an annual match up to 7.65% of annual compensation. Members of the Osage Nation Congress may participate in the employee 401(k) plan as well as the special Congressional 401(k) plan. Contributions made by congressional members for the year ended September 30, 2023, were approximately \$9,274. Contributions made by the Nation to the Congressional 401(k) plan for the year ended September 30, 2023, were approximately \$10,460.

**14) Tobacco Compact**

The Nation and the State of Oklahoma entered into a compact for taxation of tobacco products effective November 1, 2013. The compact provides for a compact tax equal to 100% of all applicable state taxes on cigarettes and other tobacco products in effect at the time of sale. The compact further stipulates that the compact tax will be collected by the state directly from the wholesaler and the wholesaler must collect the compact tax directly from the retailers. Under the terms of the compact, the state and the Department will share the total taxes collected. The initial share to the Nation was 70% of all compact taxes collected, declining to 50% effective January 1, 2017. The compact terminates on December 31, 2023; however, either party may unilaterally terminate the compact without cause by giving the other party 180 days' written notice. During fiscal year 2023, the Department received \$2,293,758 in revenue under this compact.

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**15) Related-Party Transactions Other Distributions**

During 2023, Osage Casinos transferred \$67,833,333 to the Department.

During 2023, the Department distributed \$1,000,000 in cash to Place to Borrow Money, a discretely presented component unit of the Nation.

During 2023, the Department distributed \$425,000 to Osage LLC. In addition, Osage LLC distributed \$508,725 to the Department.

During 2023, the Department distributed \$1,291,685 in cash to local governments and other organizations to assist in economic recoveries from the COVID-19 pandemic.

**16) Commitments and Contingencies**

Federal Grants

In the normal course of operations, the Department receives grant funds from various federal agencies. The grant programs are subject to audit by the agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. The Department does not believe that any liability for reimbursement which may arise as the result of such audits will be material to the Department's operations.

Litigation

The Department is involved in litigation from time-to-time as part of its ongoing operations. As of September 30, 2023, the Department is not aware of any pending litigation that would result in substantial losses.

## Supplementary Information

**Osage Nation**  
**Governmental Programs Department**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2023**

| Federal Grantor and Program Title                                       | Assistance Listing Number | Pass-Through Entity or Other Identifying Number | Passed Through to Subrecipients | Federal Expenditures |
|---|---------------------------|---|---------------------------------|----------------------|
| <b>U.S. Department of Agriculture</b>                                   |                           |   |                                 |                      |
| Pandemic Relief Activities: Farm and Food Worker Relief Grant Program   | 10.181                    |   | \$ -                            | \$ 20,000            |
| Mark Twain National Forest  | 10.U04                    |   | -                               | 1,862                |
| Special Supplemental Nutrition Program for Women, Infants, and Children | 10.557                    |   | -                               | 3,784,240            |
| Food Distribution Program on Indian Reservations                        | 10.567                    |   | -                               | 324,377              |
| COVID-19 - Food Distribution Program on Indian Reservations             | 10.567                    |   | -                               | 91,805               |
| Total ALN #10.567   |                           |   | -                               | 416,182              |
| WIC Farmers Market Nutrition Program (FMNP)                             | 10.572                    |   | -                               | 52,247               |
| COVID-19 - Senior Farmers Market Nutrition Program                      | 10.576                    |   | -                               | 19,819               |
| Total U.S. Department of Agriculture                                    |                           |   | -                               | 4,294,350            |
| <b>U.S. Department of Commerce</b>                                      |                           |   |                                 |                      |
| NTIA Tribal Broadband Connectivity                                      | 11.029                    |   | -                               | 3,830,951            |
| Total U.S. Department of Commerce                                       |                           |   | -                               | 3,830,951            |
| <b>U.S. Department of Housing and Urban Development</b>                 |                           |   |                                 |                      |
| Indian Housing Block Grants   | 14.867                    |   | -                               | 1,957,057            |
| Total U.S. Department of Housing and Urban Development                  |                           |   | -                               | 1,957,057            |
| <b>U.S. Department of Interior</b>                                      |                           |   |                                 |                      |
| <i>Bureau of Indian Affairs</i>   |                           |   |                                 |                      |
| Tribal Self-Governance  | 15.022                    |   | -                               | 5,640,559            |
| COVID-19 - Tribal Self-Governance                                       | 15.022                    |   | -                               | 34,211               |
| Total ALN #15.022   |                           |   | -                               | 5,674,770            |
| Forestry on Indian Lands  | 15.035                    |   | -                               | 517,170              |
| Indian Tribal Water Resources Development, Management, and Protection   | 15.519                    |   | -                               | 50,781               |
| National Park Service   | 15.904                    |   | -                               | 77,509               |
| Native American Graves Protection and Repatriation Act                  | 15.922                    |   | -                               | 3,485                |
| Total U.S. Department of Interior                                       |                           |   | -                               | 6,323,715            |
| <b>U.S. Department of Justice</b>                                       |                           |   |                                 |                      |
| Tribal Sexual Assault Services Program                                  | 16.024                    |   | -                               | 25,158               |
| Osage Nation Cops Hiring Program  | 16.710                    |   | -                               | 65,512               |
| Edward Byrne Memorial Justice Assistance Grant Program                  | 16.738                    |   | -                               | 3,821                |
| VOCA Tribal Victim Services Set-Aside Program                           | 16.841                    |   | -                               | 393,145              |
| Total U.S. Department of Justice  |                           |   | -                               | 487,636              |
| <b>U.S. Department of Transportation</b>                                |                           |   |                                 |                      |
| <i>Highway Planning and Construction Cluster</i>                        |                           |   |                                 |                      |
| Highway Planning and Construction (Cluster)                             | 20.205                    |   | -                               | 9,344,831            |
| Public Transportation Innovation  | 20.530                    |   | -                               | 3,380                |
| Total U.S. Department of Transportation                                 |                           |   | -                               | 9,348,211            |
| <b>U.S. Department of the Treasury</b>                                  |                           |   |                                 |                      |
| COVID-19 - Coronavirus Relief Fund                                      | 21.019                    |   | -                               | 110,399              |
| Community Development Financial Institutions Program                    | 21.020                    |   | -                               | 52,367               |
| COVID-19 - Emergency Rental Assistance Program                          | 21.023                    |   | -                               | 624,950              |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds            | 21.027                    |   | -                               | 19,697,816           |
| Total U.S. Department of the Treasury                                   |                           |   | -                               | 20,485,532           |
| <b>U.S. Environmental Protection Agency</b>                             |                           |   |                                 |                      |
| Water Pollution Control State, Interstate, and Tribal Support Program   | 66.419                    |   | -                               | 97,118               |
| Grayhorse Lagoon Project  | 66.419                    |   | -                               | 503,914              |
| Total ALN #66.419   |                           |   | -                               | 601,032              |
| Surveys, Studies, Investigations, Demonstrations, and Training Grants   | 66.424                    |   | -                               | 80,128               |
| Direct Implementation Tribal Cooperative Agreements                     | 66.473                    |   | -                               | 272,503              |
| Indian Environmental General Assistance Program (GAP)                   | 66.926                    |   | -                               | 143,469              |
| Total U.S. Environmental Protection Agency                              |                           |   | -                               | 1,097,132            |

**See accompanying notes to the schedule of expenditures of federal awards.**

**Osage Nation**  
**Governmental Programs Department**  
**Schedule of Expenditures of Federal Awards**  
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| Federal Grantor and Program Title   | Assistance<br>Listing Number | Pass-Through Entity or<br>Other Identifying Number | Passed Through<br>to Subrecipients | Federal<br>Expenditures |
|---|------------------------------|--|------------------------------------|-------------------------|
| <b>U.S. Department of Education</b>   |                              |  |                                    |                         |
| English Language Acquisition State Grants   | 84.365                       |  | \$ -                               | \$ 106,845              |
| Total U.S. Department of Education  |                              |  | <u>-</u>                           | <u>106,845</u>          |
| <b>U.S. Department of Health and Human Services</b>   |                              |  |                                    |                         |
| Special Programs for the Aging-Title VI, Part A, Grants to<br>Indian Tribes-Part B, Grants to Native Hawaiians            | 93.047                       |  | -                                  | 223,541                 |
| Covid-19 - Special Programs for the Aging-Title VI, Part A, Grants to<br>Indian Tribes-Part B, Grants to Native Hawaiians | 93.047                       |  | -                                  | 18,153                  |
| Total ALN #93.047   |                              |  | <u>-</u>                           | <u>241,694</u>          |
| National Family Caregiver Support, Title VI, Part C, Grants to<br>Indian Tribes and Native Hawaiians                      | 93.054                       |  | -                                  | 69,574                  |
| Community Programs to Improve Minority Health Grant Program   | 93.137                       |  | -                                  | 164,787                 |
| Special Diabetes Program for Indians  | 93.237                       |  | -                                  | 229,105                 |
| Substance Abuse and Mental Health Services-Projects of<br>Regional and National Significance                              | 93.243                       |  | -                                  | 991,628                 |
| Minority Health and Health Disparities Research   | 93.307                       |  | -                                  | 86,176                  |
| Supporting Tribal Public Health   | 93.391                       |  | -                                  | 60,331                  |
| Indian Self-Determination   | 93.441                       |  | -                                  | 19,154,998              |
| COVID-19 - Indian Self-Determination  | 93.441                       |  | -                                  | 703,026                 |
| Total ALN #93.441   |                              |  | <u>-</u>                           | <u>19,858,024</u>       |
| Good Health and Wellness in Indian Country  | 93.479                       |  | -                                  | 14,675                  |
| Low Income Household Water Assistance Program   | 93.499                       |  | -                                  | 71,721                  |
| COVID-19 - Low Income Household Water Assistance Program  | 93.499                       |  | -                                  | 27,397                  |
| Total ALN #93.499   |                              |  | <u>-</u>                           | <u>99,118</u>           |
| Promoting Safe and Stable Families  | 93.556                       |  | -                                  | 244,868                 |
| Temporary Assistance for Needy Families   | 93.558                       |  | -                                  | 61,107                  |
| Child Support Enforcement Program   | 93.563                       |  | -                                  | 875,035                 |
| Low-Income Home Energy Assistance   | 93.568                       |  | -                                  | 238,110                 |
| Community Services Block Grant  | 93.569                       |  | -                                  | 39,756                  |
| Child Care Development Fund Cluster   |                              |  |                                    |                         |
| Child Care Disaster Relief  | 93.489                       |  | -                                  | 4,327                   |
| Child Care and Development Block Grant  | 93.575                       |  | -                                  | 1,723,765               |
| COVID-19 - Child Care and Development Block Grant   | 93.575                       |  | -                                  | 2,463,568               |
| Total ALN #93.575 - Child Care Development Fund Cluster   |                              |  | <u>-</u>                           | <u>4,191,660</u>        |
| Stephanie Tubbs Jones Child Welfare Services Program  | 93.645                       |  | -                                  | 91,769                  |
| Indian Health Service Behavioral Health Programs  | 93.654                       |  | -                                  | 208,932                 |
| Family Violence Prevention and Services/Domestic Violence<br>Shelter and Supportive Services                              | 93.671                       |  | -                                  | 3,977                   |
| COVID-19 - Family Violence Prevention and<br>Services/Domestic Violence Shelter and Supportive Services                   | 93.671                       |  | -                                  | 18,200                  |
| Total ALN #93.671   |                              |  | <u>-</u>                           | <u>22,177</u>           |
| Opioid STR  | 93.788                       |  | -                                  | 238,056                 |
| MFPTI   | 93.791                       |  | -                                  | 24,061                  |
| Demonstration Projects for Indian Health  | 93.933                       |  | -                                  | 336,472                 |
| Total U.S. Department of Health and Human Services  |                              |  | <u>-</u>                           | <u>28,387,115</u>       |
| <b>U.S. Department of Homeland Security</b>   |                              |  |                                    |                         |
| BRIC: Building Resilient Infrastructure and Communities   | 97.047                       |  | -                                  | 5,627                   |
| Total U.S. Department of Health and Human Services  |                              |  | <u>-</u>                           | <u>5,627</u>            |
| Total expenditures of federal awards  |                              |  | <u>\$ -</u>                        | <u>\$ 76,324,171</u>    |

**See accompanying notes to the schedule of expenditures of federal awards.**

**Osage Nation**  
**Governmental Programs Department**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended September 30, 2023**

**1) Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the Osage Nation’s Governmental Programs Department under programs of the federal government for the year ended September 30, 2023. The information in this schedule for federal awards 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).

**2) Assistance Listing Numbers**

The program titles and assistance listing numbers were obtained from the federal or pass-through grantor. When no assistance listing number had been assigned to a program, the federal identifier was applied and followed by a “U” and chronological two digit numbers to represent unidentified assistance listing number.

**3) Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**4) Public Law 102-477 Programs (477 Cluster)**

The Department administers an approved 477 program with a plan year spanning 2022-2024. The plan’s expenditures are comprised of the following programs:

- Temporary Assistance for Needy Families – ALN 93.558
- Tribal Self Governance (Several Programs) – ALN 15.022
- WIOA Adult Program – ALN 17.258
- WIOA Youth Activities – ALN 17.259

**5) Indirect Cost Rate**

The Osage Nation Governmental Programs Department has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

## Single Audit Section



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

Principal Chief and Honorable Members of the Osage Nation Congress  
Osage Nation  
Pawhuska, OK

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Osage Nation Governmental Programs Department (the “Department”), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Department’s basic financial statements, and have issued our report thereon dated June 27, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Department’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 Department’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Department’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 or significant deficiencies may exist that were not identified.

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

As part of obtaining reasonable assurance about whether the Department'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 Department'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 Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**REDW** LLC

Phoenix, Arizona  
June 27, 2024



Independent Auditor's Report on Compliance for  
Each Major Federal Program and on Internal Control Over Compliance  
in Accordance with the Uniform Guidance

Principal Chief and Honorable Members of the Osage Nation Congress  
Osage Nation  
Pawhuska, OK

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

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

We have audited the Osage Nation Governmental Programs Department's (the "Department") 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 Department's major federal programs for the year ended September 30, 2023. The Department'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 Department 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 September 30, 2023.

***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 Department 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 Department'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 Department'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 Department'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 Department'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 Department'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 Department'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 Department'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.

*REDW* LLC

Phoenix, Arizona  
June 27, 2024

**Osage Nation**  
**Governmental Programs Department**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 2023**

**Section I – Summary of Auditor’s Results**

***Financial Statements***

|   |               |
|---|---------------|
| Type of auditor’s report issued:                      | Unmodified    |
| Internal control over financial reporting:            |               |
| Material weaknesses identified?                       | No            |
| Significant deficiencies reported?                    | None Reported |
| Noncompliance material to financial statements noted? | No            |

***Major Federal Award Program Audit***

|   |               |
|---|---------------|
| Internal control over major federal programs:   |               |
| Material weaknesses identified?   | No            |
| Significant deficiencies reported?  | None Reported |
| Type of auditor’s report issued on compliance<br>for major federal programs:                          | Unmodified    |
| Any audit findings disclosed that are required<br>to be reported in accordance with 2 CFR 200.516(a)? | No            |

Identification of major programs:

| <u>Assistance Listing Number</u> | <u>Name of Federal Program or Cluster</u>            |
|----------------------------------|--|
| 11.029                           | NTIA Tribal Broadband Connectivity                   |
| 93.489/93.575                    | CCDF Cluster   |
| 93.441                           | Indian Self-Determination                            |
| 93.563                           | Child Support Services Research                      |
| 21.027                           | Coronavirus State and Local Fiscal<br>Recovery Funds |

|   |             |
|---|-------------|
| Dollar threshold used to distinguish<br>between type A and type B programs: | \$2,289,725 |
| Auditee qualified as low-risk auditee?                                      | Yes         |

**Osage Nation**  
**Governmental Programs Department**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 2023**

**Section II – Financial Statement Findings**

No financial statement findings to report for the fiscal year ended September 30, 2023.

**Section III – Federal Award Findings**

No federal award findings to report for the fiscal year ended September 30, 2023.



**OSAGE NATION**  
819 Grandview Ave  
Pawhuska, OK 74056

**Summary Schedule of Prior Audit Findings  
For the Year Ended September 30, 2023**

No financial statements or federal award findings reported for the fiscal year ended September 30, 2022.