

LONG TERM CARE AUTHORITY OF ENID

FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

BY

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LONG TERM CARE AUTHORITY OF ENID
JULY 1, 2013 TO JUNE 30, 2014

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Long Term Care Authority of Enid
Enid, Oklahoma

I have audited the accompanying financial statements of the Long-Term Care Management Authority of Enid (the "Authority") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position the Authority, as of June 30, 2014, and the respective changes in financial position and cash flow for the year then ended in accordance with the accounting principles generally accepted in the United states of America.

Disclaimer of Opinion on Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information on pages 3-5 be presented to supplement the basic financial statements. Such 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. I have applied certain limited procedures to the required supplementary information in accordance with

auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods or preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued a report dated February 18, 2015 on my consideration of the Authority's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.



Chas. W. Carroll, P.A.

February 18, 2015

LONG TERM CARE AUTHORITY OF ENID
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2014

The discussion and analysis of Long Term Care Authority of Enid's (the "Authority") financial performance provides an overview of Long Term Care Authority of Enid financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the financial statements, which begin on page 5.

FINANCIAL HIGHLIGHTS

- Long Term Care Authority of Enid's balance at June 30, 2014 was \$20,105.96 representing an decrease of \$13,093.90 from last fiscal year.
- Long Term Care Authority of Enid's accounts receivable from was \$228,688.80 representing a decrease of \$199,164.66 from the previous year.
- Long Term Care Authority of Enid had total revenues of \$1,129,142.73 and total expenditures of \$1,064,533.02 representing a increases of \$814,309.73 and \$729,664.03.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the Authority's basic financial statements on an accrual basis of accounting. The basic financial statements include fund financial statements and notes to the financial statements. The Authority also includes in this report additional information to supplement the basic financial statements.

BASIC FINANCIAL STATEMENTS

The basic financial statements present information for Long Term Care Authority of Enid's funds as a whole in a format designed to make the statements easy for the reader to understand. The statements in this section include the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows.

The Statement of Net Assets (page 5) presents the assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of Long Term Care Authority of Enid is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Assets (page 6) presents information showing how Long Term Care Authority of Enid's net assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (page 7) presents information showing how Long Term Care Authority of Enid's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating loss to net cash provided by operating activities as required by Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* ("GASB 34").

(continued on next page)

FINANCIAL ANALYSIS OF THE ENTITY

**CONDENSED STATEMENT OF NET ASSETS
JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>	Increase (Decrease)
Current and other assets	\$248,795	\$ 62,724	\$ 186,071
Capital assets	<u>8,552</u>	<u>2,669</u>	<u>5,883</u>
Total assets	<u>257,347</u>	<u>65,393</u>	<u>\$ 191,954</u>
Accounts payable and accrued expenses	149,532	21,773	127,759
Due to funding source	<u>0</u>	<u>34,847</u>	<u>(34,847)</u>
Total current liabilities	<u>149,532</u>	<u>56,620</u>	<u>92,912</u>
Total net assets	<u>\$107,815</u>	<u>\$ 8,773</u>	<u>\$ 99,042</u>

**CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>	Increase (Decrease)
Grant revenue	\$1,128,653	\$314,221	\$ 814,432
Program expenses	<u>1,064,533</u>	<u>334,869</u>	<u>729,664</u>
Change in net assets from federal/state program activities	<u>\$ 64,120</u>	<u>\$(20,648)</u>	<u>\$ 84,768</u>

The majority of the Long Term Care Authority of Enid's program revenues were received from two major funding sources

- Federal Medicaid Program
- Federal and State DHHS Program

Other revenues were form the State Medical assistance Programs, Federal Semi Annual Report Tools Program, or reimbursements for programs equipment.

CAPITAL ASSETS

At the end of June 30, 2014, Long Term Care Authority of Enid's investment in capital assets was \$8,552 (net of accumulated depreciation) as reflected in the following schedule:

Computer equipment	\$ 81,941
Office furniture and equipment	6,525
Less accumulated depreciation	<u>(78,848)</u>
Total	<u>\$ 8,552</u>

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CURRENT YEAR ACTIVITY

The nature of the Authority's operating activities increased from that of prior years due to the addition of a number of federal and state Area Agency on Aging programs, Medical Assistance programs and SART.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET RATES

Long Term Care Authority of Enid is primarily dependent upon federal and state sources for the funding of operations; therefore, Long Term Care Authority of Enid is affected by the federal and state budgets. Long Term Care Authority of Enid's Board has approved the budget for the 2014-15 fiscal year.

Long Term Care Authority of Enid
STATEMENT OF NET POSITION
As of June 30, 2014

	Fiscal Year 2013-14
<u>ASSETS</u>	
CURRENT ASSETS	
Cash and cash equivalents	\$20,105.96
Accounts receivable	228,688.80
	248,794.76
Total current assets	248,794.76
FIXED ASSETS	
Furniture and equipment	81,940.69
Computer equipment	6,525.00
	88,465.69
Total capital assets	88,465.69
Less accumulated depreciation	79,914.01
	8,551.68
Net capital assets	8,551.68
Total assets	\$257,346.44
 <u>LIABILITIES AND NET POSITION</u>	
CURRENT LIABILITIES	
Accounts payable	\$143,330.74
Accrued compensation	6,201.24
Due to funding sources	0.00
	149,531.98
Total Current Liabilities	149,531.98
NET POSITION	
Investment in capital assets	8,772.76
Unrestricted	34,432.00
Net Income	64,609.70
	107,814.46
Total net position	107,814.46
Total liabilities and net position	\$257,346.44

The notes to financial statements are an integral part of this statement

Long Term Care Authority of Enid
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
July 2013 through June 2014

	<u>Fiscal Year</u> <u>2013-14</u>
<u>REVENUE</u>	
Medicaid Program	270,204.23
OAA Income	845,528.42
MAP	10,420.08
SART	2,500.00
Key Fobs	490.00
	1,129,142.73
Total revenue	1,129,142.73
<u>EXPENSES</u>	
Payroll	252,788.80
Payroll taxes and benefits	99,817.23
Insurance	2,690.00
Telephone and utilities	7,247.76
Travel and training	12,454.23
Miscellaneous	1,647.07
Other Direct Grant Costs	15,732.00
Pass thru to Sub-Grantee	617,734.95
Office expense and postage	11,122.59
Professional fees	30,767.98
Equipment lease and purchase	665.00
Rent	10,800.00
Depreciation	1,065.42
	1,064,533.03
Total expense	1,064,533.03
INCREASE/(DECREASE) IN NET POSITION	64,609.70
Adjustments: Change in Fund Classification	34,432.00
ADJUSTED NET POSITION	99,041.70
NET POSITION, BEGINNING OF YEAR	8,772.76
NET POSITION, END OF YEAR	\$107,814.46

The notes to financial statements are an integral part of this statement

**Long Term Care Authority of Enid
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2014**

	Fiscal Year 2013-14
Cash flows from operating activities:	
Cash from Operations	\$930,003.12
Cash paid to employees	(246,716.43)
Cash paid to others	(689,432.10)
	(6,145.41)
Net cash from operations	(6,145.41)
Cash flows from investing activities:	
Purchase of equipment	(6,948.49)
	(6,948.49)
Net increase (decrease) in cash	(13,093.90)
Beginning Cash and Cash Equivalents	33,199.86
	33,199.86
Ending Cash and Cash Equivalents	\$20,105.96
	\$20,105.96
Reconciliation of change in net position to net cash provided by operating activities:	
Change in net position	\$64,609.70
Net Adjustments to position	34,432.00
Adjustments to reconcile change in net position to net cash from operations:	
Depreciation	1,065.42
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(199,164.61)
Increase (decrease) in accounts payable	92,912.08
Increase (decrease) in accrued compensation	0.00
	0.00
Net cash from operating activities	(\$6,145.41)
	(\$6,145.41)

The notes to financial statements are an integral part of this statement

LONG TERM CARE AUTHORITY OF ENID
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Long Term Care Authority of Enid (the "Authority") is a public trust established on January 17, 1995, under the Oklahoma Public Trust Act, for the benefit of the City of Enid, Oklahoma. The purpose of the Authority is to assure the accessibility and quality of care and cost effectiveness of long-term care services in the greater Enid area and Western Oklahoma.

The basic financial statements of the Authority have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Boards (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies follow.

Basis of Accounting

The Authority accounts for its activities within a proprietary fund. The Authority's activities meet the definition of a proprietary fund because it is the intent to recover the costs of providing services through grant revenue.

The proprietary fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net assets. Proprietary fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The accrual basis of accounting is utilized by the proprietary fund. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

As required by the GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless FASB and/or APB pronouncements conflict with or contradict GASB pronouncements. In addition, the Authority applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements.

The accounts of the Authority are organized on the basis of grants. There operations of each grant are accounted for with a separate set of self-balancing accounts that comprise of assets, liabilities, net assets, revenues, and expenditures. The following fund is used by the Authority.

General Fund - the general operating fund of the Authority. It is used to account for all financial resources that are not required to be accounted for in another fund. The general revenues, which are not restricted or designated as to use by outside sources, are recorded in the General Fund. The revenue in this fund comes from federal and state grants, other grants, membership dues, administration fees, interest income, and donations.

The grants and programs in the proprietary financial statements include:

- Medicaid
- Area Agency on Aging (AAA)
- Semi Annual Reporting Tool (SART)

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NOTES TO FINANCIAL STATEMENTS

- Caregiver E Money
- Oklahoma Medical Assistance Programs (MAP)
- AAA Transit-B
- Money Follows the Person (MFP)

Certain contracts require the Authority to provide revenues from other sources to help defray costs of operating their programs. The Authority may provide matching funds over and above the required amount at its discretion. These discretionary matching funds are referred to as transfers-in and transfers-out in the accompanying financial statements. State grants and membership dues provide most of the matching funds and are recognized when received.

Cost Allocation Plan

The Authority allocated indirect costs using one cost pool. The costs are allocated on a monthly rate based on occupancy per program. Rent/utilities are allocated at \$100.00 per month for each of the programs personnel. Phone is allocated at \$50.00 per month on the same basis.

Cash and Restricted Cash

The Authority pools the cash resources of its various funds to facilitate the management of cash, unless required to maintain separate accounts by the grantor. Cash applicable to a particular fund is readily identifiable. Cash restricted by grant contracts is identified as restricted cash.

ASSETS, LIABILITIES AND NET POSITION

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Authority considers all cash on hand, demand deposit accounts, interest bearing checking accounts and time deposit accounts, including certificates of deposit with maturities of three months or less, to be cash and cash equivalents.

Notes Payable

Notes payable to be repaid from the Authority resources are reported as liabilities in the balance sheet.

Net Position

Net Position is divided into two components:

- Net Investment in Capital Assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributed to the acquisition, construction, or improvement of those assets.
- Unrestricted net position* - All other net assets that do not meet the definition of "restricted" or "net investment in capital assets."

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

Allowance for Bad Debt

An allowance for doubtful accounts is established by management based on past experience and analysis of current receivable collectability.

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NOTES TO FINANCIAL STATEMENTS

Capital Assets

Furniture and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets, generally three to seven years. The Authority's policy is to capitalize fixed asset purchases exceeding \$2,500. The Authority records impairments to its furniture and equipment when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated lives. Impairments are recorded to reduce the carrying value of the assets to their estimated fair values determined by the Authority based on facts and circumstances in existence at the time of the determination, estimates of probable future economic conditions and other information. No impairments were recorded in 2014.

Grant Revenue

The Authority relies on a government agency which supplies all of the Authority's revenues. The Authority records income from grants in the period in which grant expenditures are earned and become measurable.

Income Taxes

The Authority is a public trust under the laws of the State of Oklahoma and is also exempt from income taxes under Title 60, Oklahoma Statutes, 1981, Sections 176 et. seq. Accordingly, no provision for federal or state income taxes is necessary.

Estimates

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

NOTE 2 - CAPITAL ASSET ACTIVITY

Summary by category of changes in capital assets:

	<u>Beginning Balance</u>	<u>Adjustments to Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets being depreciated					
Computer equipment	\$ 74,992	\$ -	\$ 6,949	\$ -	\$ 81,941
Office Furniture & equipment	<u>6,525</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,525</u>
Total Capital Assets	<u>\$ 81,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,466</u>
Less accumulated depreciation					
Computer equipment	(72,323)	-	(1,066)	-	(73,389)
Office furniture & equipment	<u>(6,525)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,525)</u>
Total accumulated depreciation	<u>(78,848)</u>	<u>-</u>	<u>(1,066)</u>	<u>-</u>	<u>(79,914)</u>
Total capital assets, net	<u>\$ 2,669</u>	<u>\$ -</u>	<u>\$ 5,883</u>	<u>\$ -</u>	<u>\$ 8,552</u>

NOTE 3- ECONOMIC DEPENDENCY

The Authority receives all support from federal grants. The loss of these sources of support could have an adverse effect on the Authority's financial stability.

NOTE 4- EMPLOYEE RETIREMENT PLAN

The Authority participates in a Simplified Employee Pension Plan (the Plan). Eligible employees are those who have worked at least 90 days and who are expected to earn an annual minimum of \$5,000 during the Plan year. Employees do not make contributions to the Plan. The employer contributes 6% of the employee's gross compensation. Assets of the Plan are held in trust by American Funds Service Company. The Authority contributed \$13,725, \$11,430 and \$12,383, to the Plan for the fiscal years 2014, 2013 and 2012, respectively.

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NOTES TO FINANCIAL STATEMENTS

NOTE 5 - OPERATING LEASES

The Authority occupies office space under a lease agreement which expires June 30, 2014. Total rent expense for the year ended June 30, 2014 was \$10,500. The future minimum lease commitment for the year ended June 30, 2015 is \$10,500.

The Authority utilizes parking (5 spaces) under a lease agreement which expires June 30, 2014. The annual rent for the year ended June 30, 2014 was \$1,500. The future minimum lease commitment for the year ended June 30, 2015 is \$1,500.

NOTE 6- CONCENTRATION OF CREDIT RISK

The Authority's financial instruments that are exposed to concentrations of credit risk consist of cash equivalents. The Authority maintains its cash balances at one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000.

NOTE 7- SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 30, 2014, which is the date the financial statements were available to be issued and has determined that no additional information needs to be added to the financial statements.

**LONG TERM CARE
AUTHORITY OF ENID**

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Long Term Care Authority Of Enid
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 ALLOCATIONS & EXPENDITURES
 JULY 1, 2013 TO JUNE 30, 2014

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL CFDA TITLE	PASS-THROUGH GRANTOR'S NUMBER	CASH/ACCRUED OR (DEFERRED) REVENUE AT JULY 1, 2013	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2014
<u>Pass Through Awards -</u>							
Department of Health and Human Services Medical Assistance Program	93.778	Medicaid	1000004577	\$29,524.19	\$268,958.70	\$270,204.23	\$30,769.72
Area Agency on Aging Services							
Grants to supportive Services & Senior Centers	93.044	Title III B	1000004577			98,251.61	
Nutrition Services	93.045	Title III C-1	1000004577			37,450.30	
Nutrition Services	93.045	Title III C-1	1000004577			6,068.72	
In-Home Services for Frail Older Individuals	93.043	Title III D	1000004577			5,270.78	
Disease Prevention & Health Promotion Services	93.052	Title III E	1000004577			37,200.47	
Programs for Prevention of Elder Abuse, Neglect & Exploitation	93.041	Title VII	1000004577			1,278.87	
Department of Human Services Food Distribution	93.053	NSIP	1000004577			80,336.00	
Total Agency						265,856.75	
Administration for Community Living Oklahoma Insurance Department State Health Insurance Assistance Program	93.3.24	SHIP	100001372			8,064.38	
Total Federal Assistance						\$544,125.36	

The notes to financial statements are an integral part of this statement

Long Term Care Authority Of Enid
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 ALLOCATIONS & EXPENDITURES
 JULY 1, 2013 TO JUNE 30, 2014

OKLAHOMA STATE GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL CFDA TITLE	PASS- THROUGH GRANTOR'S NUMBER	DISBURSEMENTS/ EXPENDITURES
<u>Pass Through Awards -</u>				
<u>Oklahoma Department of Human Services</u>				
Area Agency on Aging Services				
Grants to supportive Services & Senior Centers	93.044	Title III B	1000004577	34,279.13
Nutrition Services	93.045	Title III C-1	1000004577	293,766.98
Nutrition Services	93.045	Title III C-1	1000004577	181,188.40
In-Home Services for Frail Older Individuals	93.043	Title III D	1000004577	6,200.93
Disease Prevention & Health Promotion Services	93.052	Title III E	1000004577	49,600.61
Programs for Prevention of Elder Abuse, Neglect & Exploitation	93.041	Title VII	1000004577	1,504.55
Department of Human Services Food Distribution	93.053	NSIP	1000004577	80,336.00
Total Agency				<u>646,876.60</u>
Semi Annual Report Tools (SART)				2,500.00
<u>Oklahoma Insurance Department</u>				
Medicare Assistance Program				2,210.80
Senior Medicare Patrol				2,210.80
MAP Total				<u>\$651,587.40</u>
Total Oklahoma State Awards				<u>\$651,587.40</u>

The notes to financial statements are an integral part of this statement

Long Term Care Authority Of Enid
 NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
 For the Year ended June 30, 2014

NOTE 1: The Schedule of Expenditures of Federal Awards was prepared using the same accounting policies used in preparing the Authority's financial statements.

NOTE 2: The expenditures for the U.S. Department Of Health and Human Services grants consist of or include grants to subrecipients as follows:

<u>Subrecipient</u>	Federal Pass-Through Grant Amount
Rural Health	6,200.93
Legal Aid Services of Oklahoma	21,145.11
Wheatheart Nutrition	593,924.43
Caregivers	43,016.92
MAGB Senior Services	14,183.90
Enid PTA	8,000.00
Cherokee Strip transit	27,997.58
	714,468.87
Total Federal and State Pass-Through to Subrecipients	714,468.87

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*

The Board of Trustees
Long Term Care Authority of Enid
Enid, Oklahoma

I have audited the basic financial statements of the Long-Term Care Management Authority of Enid (the "Authority") as of and for the year ended June 30, 2014, and have issued our report thereon dated February 18, 2015. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Authority's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other matters that are required to be reported under Government Auditing Standards, and is described in the accompanying schedule of Audit Findings as item 14-1.

The Authority's response to findings identified in my audit are described in the accompanying schedule of findings and responses. I did not audit the Authority's response and accordingly, I express no opinion on them.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Chas. W. Carroll, P.A.

February 18, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Board of Trustees
Long Term Care Authority of Enid
Enid, Oklahoma

Report on Compliance for Each Major Federal Program

I have audited Long-Term Care Management Authority of Enid (the "Authority") compliance with the types of compliance requirements described in the (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2014. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In my opinion, Long-Term Care Management Authority of Enid complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Chas. W. Carroll, P.A.
February 18, 2015

LONG TERM HEALTH CARE AUTHORITY OF ENID
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014

SECTION 1

Summary of Auditor's Results

Financial Statements

- | | |
|--|-------------|
| 1. Type of auditor's report issued | Unqualified |
| 2. Internal Control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be a material weakness? | None reported |
| 2. Type of auditor's report issued on compliance for major programs: | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(A)? | No |
| 4. Identification of major programs: | |
| <u>Name of Federal Program</u> | |
| Medicaid | |
| SHIP | |
| 5. Dollar Threshold used to distinguish between Type A and Type B programs: | \$300,000 |
| 6. Auditee qualified as a low-risk auditee under OMB A-133, Section 530? | No |

SECTION 2

Financial Statement Findings:

14-1

Condition/Criteria: Oklahoma Statutes require that every trust created for the benefit and furtherance of any public function with the State of Oklahoma or any county or municipality as the beneficiary thereof must cause an audit to be made no later than six (6) months following the close of each fiscal year. A copy of the audit shall be filed with the State Auditor and Inspector and one copy with each beneficiary of the trust.

Recommendation: The Authority file all reports as required by statute or contract agreement.

Response: The management of Long Term Care Authority of Enid is in agreement as to the need to file required reports on a timely basis.

Major Federal Award Programs Findings and Questioned Costs:

None Reported

LONG TERM CARE AUTHORITY OF ENID
JULY 1, 2013 TO JUNE 30, 2014

DISPOSITION OF PRIOR YEAR REPORTABLE CONDITIONS AND
MATERIAL INSTANCES OF NON-COMPLIANCE
JUNE 30, 2014

13-1 Annual Audit Report – Completion and Filing Requirements

The Authority's 2012-13 audit report was not completed and filed on a timely basis. This occurred again for the 2013-14 fiscal year.