

LONG TERM CARE AUTHORITY OF ENID

FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

BY

PATRICK W. CARROLL
CERTIFIED PUBLIC ACCOUNTANT

CERTIFICATE #4081

LONG TERM CARE AUTHORITY OF ENID
JULY 1, 2011 TO JUNE 30, 2012

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	PAGE 1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	PAGES 2 - 4
BALANCE SHEET	PAGE 5
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS	PAGE 6
STATEMENT OF CASH FLOWS	PAGE 7
NOTES TO FINANCIAL STATEMENTS	PAGE 8 - 10
SCHEDULE OF BUDGETARY COMPARISONS	PAGE 11
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	PAGE 12
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	PAGES 13 & 14
DISPOSITION OF PRIOR YEAR REPORTABLE CONDITIONS AND MATERIAL INSTANCES OF NON-COMPLIANCE	PAGE 15
SCHEDULE OF AUDIT FINDINGS	PAGE 16

Chas. W. Carroll, P.A.

The Broadway Tower - Suite 805
114 E. Broadway

Enid, Oklahoma 73701
Phone 580-234-5468
Fax 580-234-5425

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying statement of net assets of Long-Term Care Management Authority of Enid (the "Authority") as of and for the year ended June 30, 2012 and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on our 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for our opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Long Term Care Authority of Enid as of June 30, 2012, and the results of operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated March 31, 2013 on my consideration of Long Term Care Authority of Enid's internal control over financial reporting and 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 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* and should be considered in assessing the results of my audit.

The Management's Discussion and Analysis on pages 3 through 5 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America and funding sources. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompany schedule of expenditures of federal and state assistance is presented for purposes of additional analysis and is not a required part of the basic financial statement of the Authority. The schedule of expenditures of federal and state assistance is the responsibility of management and is derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in my opinion is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Sincerely,



Chas. W. Carroll, P.A.

Enid, Oklahoma
March 31, 2013

LONG TERM CARE AUTHORITY OF ENID
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2012

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, 2012. Please read it in conjunction with the financial statements, which begin on page 5.

FINANCIAL HIGHLIGHTS

- Long Term Care Authority of Enid's cash balance at June 30, 2012 was \$28,006 representing a decrease of \$10,318 from last fiscal year.
- Long Term Care Authority of Enid's accounts receivable from was \$49,006 representing an increase of \$15,153 from the previous year.
- Long Term Care Authority of Enid had total revenues of \$294,128 and total expenditures of \$301,524 representing a decreases of \$5,767 and \$1,805.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the Authority's basic financial statements. 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, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>	Increase (Decrease)
Current and other assets	\$ 77,010	\$ 72,177	\$ 4,833
Capital assets	<u>12,555</u>	<u>13,970</u>	<u>(1,415)</u>
Total assets	<u>89,565</u>	<u>86,147</u>	<u>3,418</u>
Accounts payable and accrued expenses	22,231	11,417	10,814
Due to funding source	<u>34,847</u>	<u>43,181</u>	<u>(8,334)</u>
Total current liabilities	<u>57,078</u>	<u>54,598</u>	<u>2,480</u>
Total net assets	<u>\$32,487</u>	<u>\$ 31,549</u>	<u>\$ 938</u>

Net assets of Long Term Care Authority of Enid increased by \$938 as a result of the net gain for the year ending 2012. Total assets were greater than last year's assets by \$3,418. Total liabilities increased by \$2,480.

**CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>	Increase (Decrease)
Grant revenue	\$293,190	\$299,892	\$ (6,702)
Program expenses	<u>301,524</u>	<u>303,239</u>	<u>1,715</u>
Change in net assets from federal/state program activities	<u>\$ (8,334)</u>	<u>\$ (3,347)</u>	<u>\$ (4,987)</u>

All of Long Term Care Authority of Enid's program revenues were received from one major funding source or refunds.

CAPITAL ASSETS

At the end of June 30, 2012, Long Term Care Authority of Enid's investment in capital assets was \$12,555 (net of accumulated depreciation) as reflected in the following schedule:

Computer equipment	\$ 74,992
Office furniture and equipment	6,525
Less accumulated depreciation	<u>(68,962)</u>
Total	<u>\$ 12,555</u>

(continued on next page)

CURRENT YEAR ACTIVITY

The nature of the Authority's operating activities was consistent with that of prior years. However, overall expenses and revenue reimbursed for expenses decreased due to a decrease in allocations.

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 approved the budget for the 2013-14 fiscal year on March 28, 2013.

Long Term Care Authority of Enid
BALANCE SHEET
As of June 30, 2012

	Fiscal Year 2011-12
<u>ASSETS</u>	
CURRENT ASSETS	
Cash and cash equivalents	\$28,006.32
Accounts receivable	49,003.99
Total current assets	77,010.31
FIXED ASSETS	
Furniture and equipment	74,992.20
Computer equipment	6,525.00
Total capital assets	81,517.20
Less accumulated depreciation	68,962.59
Net capital assets	12,554.61
Total assets	\$89,564.92
<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES	
Accounts payable	\$14,904.65
Accrued compensation	7,326.00
Due to funding sources	34,847.00
Total Current Liabilities	57,077.65
NET ASSETS	
Investment in capital assets	12,554.61
Unrestricted	18,994.03
Net income	938.63
Total net assets	32,487.27
Total liabilities and net assets	\$89,564.92

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 ASSETS
 July 2011 through June 2012

	Fiscal Year 2011-12
<u>REVENUE</u>	
Grants	293,190.45
Other Income	427.50
Refunds	510.93
Total revenue	294,128.88
<u>EXPENSES</u>	
Payroll	190,501.74
Payroll taxes and benefits	74,075.00
Insurance	1,765.00
Telephone and utilities	7,073.16
Travel and training	1,709.81
Miscellaneous	1,500.00
Office expense and postage	1,787.16
Professional fees	10,897.35
Equipment lease and purchase	0.00
Rent	10,800.00
Depreciation	1,415.03
Accrued compensation	0.00
Total expense	301,524.25
INCREASE/(DECREASE) IN NET ASSETS	(7,395.37)
Adjustment to beginning net assets	
Prior Year Liability Cancelled	8,334.00
CHANGE IN NET ASSETS	938.63
NET ASSETS, BEGINNING OF YEAR	31,548.64
NET ASSETS, END OF YEAR	\$32,487.27

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, 2012**

	Fiscal Year 2011-12
Cash flows from operating activities:	
Cash from federal grants	\$278,038.85
Cash paid to employees	(250,068.16)
Cash paid to others	(39,675.16)
	(11,704.47)
Net cash from operations	(11,704.47)
Non-operating income	
Refund	1,386.23
	(10,318.24)
Net increase (decrease) in cash	(10,318.24)
Beginning Cash and Cash Equivalents	38,324.56
	\$28,006.32
Reconciliation of change in net assets	
to net cash provided by operating activities:	
Change in net assets	\$938.63
Net Adjustments to assets	0.00
Adjustments to reconcile change in net	
assets to net cash from operations:	
Purchase of Equipment	0.00
Depreciation	1,415.03
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(15,151.40)
Increase (decrease) in accounts payable	10,813.50
Increase (decrease) in accrued compensation	0.00
Increase (decrease) due to funding source	(8,334.00)
	(\$10,318.24)
Net cash from operating activities	(\$10,318.24)

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, 2012

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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Allowance for Bad Debt

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

(Continued on next page)

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 2012. Adjustments were made to increase carrying value of assets to actual costs.

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.

Priority of Net Assets

When an expense is incurred for a purpose, for which both restricted and unrestricted net assets are available, the Authority's policy is to apply restricted assets first.

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	\$ -	\$ -	\$ -	\$ 74,992
Office Furniture & equipment	6,525	-	-	-	6,525
Total Capital Assets	<u>\$ 81,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,517</u>
Less accumulated depreciation					
Computer equipment	(61,236)	-	(1,336)	-	(62,572)
Office furniture & equipment	(6,311)	-	(79)	-	(6,390)
Total accumulated depreciation	<u>(67,547)</u>	<u>-</u>	<u>(1,415)</u>	<u>-</u>	<u>(68,962)</u>
Total capital assets, net	<u>\$ 13,970</u>	<u>\$ -</u>	<u>\$ (1,415)</u>	<u>\$ -</u>	<u>\$ 12,555</u>

(Continued on next page)

NOTES TO FINANCIAL STATEMENTS

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 \$12,383, \$11,348 and \$11,349, to the Plan for the fiscal years 2012, 2011 and 2010, respectively.

NOTE 5- OPERATING LEASES

The Authority occupies office space under a lease agreement which expires June 30, 2012. Total rent expense for the year ended June 30, 2012 was \$10,500. The future minimum lease commitment for the year ended June 30, 2013 is \$10,500.

The Authority utilizes parking (5 spaces) under a lease agreement which expires June 30, 2012. The annual rent for the year ended June 30, 2012 was \$1,500. The future minimum lease commitment for the year ended June 30, 2013 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 March 31, 2013, 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
SCHEDULE OF BUDGETARY COMPARISONS
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Budget to Actual Favaorable (Unfavorable)
REVENUE				
Grants	\$308,585.00	\$293,190.45	\$278,038.85	(\$15,151.60)
Refunds	0.00	0.00	938.43	938.43
Total Revenue	308,585.00	293,190.45	278,977.28	(14,213.17)
EXPENSES				
Chargable salaries	190,502.00	190,502.00	190,501.74	0.26
Payroll taxes and benefits	74,016.00	74,016.00	74,075.00	(59.00)
General operating	44,067.00	28,672.45	36,947.51	(8,275.06)
Capital Expenditures	0.00	0.00	0.00	0.00
Total expenses	308,585.00	293,190.45	301,524.25	(8,333.80)
CHANGE IN NET ASSETS	\$0.00	\$0.00	(\$22,546.97)	(\$22,546.97)

Long Term Care Authority Of Enid
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 ALLOCATIONS & EXPENDITURES
 JULY 1, 2011 TO JUNE 30, 2012

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	PASS- THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCRUED OR (DEFERRED) REVENUE AT JULY 1, 2011	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2012
Pass Through Awards - Department of Human Services Medical Assistance Program	93.778 10000111	\$293,190.45	\$33,852.39	\$278,038.85	\$293,190.45	\$49,003.99

NOTE 1: The Schedule of Expenditures of Federal Awards was prepared using the same accounting policies used in preparing the Authority's financial statements. The Authority's policy is to recognize expenditures when encumbered (contracted for) rather than at the time the related fund liability is incurred.

See Independent Auditor's Report

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*

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

I have audited the basic financial statements of Long-Term Care Management Authority of Enid (the "Authority") as of and for the year ended June 30, 2012, and have issued our report thereon dated March 31, 2013. 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.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered the District'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 on the effectiveness of the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District'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 deficiency, or a combination of deficiencies, in internal control such that there reasonable possibility that a material misstatement of the District'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 the 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 12-1.

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

This report is intended solely for the information and use of the board of trustees, management, and federal and state awarding agencies and is not intended to be and should not be used by anyone other than the specified parties.

Sincerely,

A handwritten signature in black ink, appearing to read "Chas. W. Carroll, P.A.", written in a cursive style.

Chas. W. Carroll, P.A.

Enid, Oklahoma

March 31, 2013

LONG TERM CARE AUTHORITY OF ENID
JULY 1, 2011 TO JUNE 30, 2012

DISPOSITION OF PRIOR YEAR REPORTABLE CONDITIONS AND
MATERIAL INSTANCES OF NON-COMPLIANCE
JUNE 30, 2012

11-1 Annual Audit Report – Completion and Filing Requirements

The Authority's 2010-11 audit report was not completed and filed on a timely basis. This occurred again for the 2011-12 fiscal year.

LONG TERM CARE AUTHORITY OF ENID
JULY 1, 2011 TO JUNE 30, 2012

SCHEDULE OF AUDIT FINDINGS AND RESPONSE

Section 1 – Summary of Auditor’s Results

The audit disclosed one reportable condition on compliance, which is not considered to be a material weakness.

Section 2 – Findings related to the financial statements required to be reported in accordance with GAGAS.

12-1 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.