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*Certified Public Accountant*  
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Independent Auditor's Report

Board of Directors  
Northern Oklahoma Development Authority  
Enid, Oklahoma

We have audited the accompanying financial statements of Northern Oklahoma Development Authority (a trust authority) which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 authority'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 authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northern Oklahoma Development Authority, as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

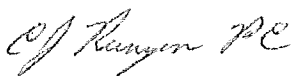
**Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2018, on our consideration of Northern Oklahoma Development Authority's internal control over financial

reporting and on 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 Northern Oklahoma Development Authority's internal control over financial reporting and compliance.

**Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Oklahoma City, Oklahoma  
December 6, 2018

**Northern Oklahoma Development Authority**

**Statement of Financial Position**

**June 30, 2018**

<b><u>Assets</u></b>	<b><u>Unrestricted</u></b>	<b><u>Restricted</u></b>	<b><u>Total</u></b>
<b>Current assets</b>			
Cash and cash equivalent	\$ 1 004 592	\$ 1 016 132	\$ 2 020 724
Receivable	<u>275 219</u>	<u>306 261</u>	<u>581 480</u>
<b>Total current assets</b>	1 279 811	1 322 393	2 602 204
<b>Property, vehicles and equipment</b>			
Buildings and improvements	192 657	-	192 657
Vehicles	1 814 902	-	1 814 902
Equipment	310 325	-	310 325
Less: Accumulated depreciation	<u>(1 927 635)</u>	<u>-</u>	<u>(1 927 635)</u>
<b>Total property, vehicles and equipment</b>	390 249	-	390 249
<b>Other assets</b>			
Loan receivable	<u>-</u>	<u>34 855</u>	<u>34 855</u>
<b>Total assets</b>	<b><u>\$ 1 670 060</u></b>	<b><u>\$ 1 357 248</u></b>	<b><u>\$ 3 027 308</u></b>
<b><u>Liabilities and Net Assets</u></b>			
<b>Current liabilities</b>			
Payable	\$ 42 425	\$ -	\$ 42 425
Accrued vacation	<u>28 724</u>	<u>-</u>	<u>28 724</u>
<b>Total liabilities</b>	71 149	-	71 149
<b>Net assets</b>			
Unrestricted	1 598 911	-	1 598 911
Restricted	<u>-</u>	<u>1 357 248</u>	<u>1 357 248</u>
<b>Total net assets</b>	<u>1 598 911</u>	<u>1 357 248</u>	<u>2 956 159</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 1 670 060</u></b>	<b><u>\$ 1 357 248</u></b>	<b><u>\$ 3 027 308</u></b>

The accompanying notes are an integral part of these statements.

**Northern Oklahoma Development Authority**

**Statement of Activities**

**Year Ended June 30, 2018**

	<b><u>Unrestricted</u></b>	<b><u>Restricted</u></b>	<b><u>Total</u></b>
<b><u>Revenues</u></b>			
Federal and state awards	\$ 699 234	\$ 918 776	\$ 1 618 010
Other contracts	305 952	-	305 952
Transit fares (Cherokee Strip Transit)	607 355	-	607 355
Internet service (Nodanet)	140 608	-	140 608
Dues	76 632	-	76 632
Interest	1 636	4 169	5 805
Rental	18 300	-	18 300
Net assets released from restrictions	<u>1 248 010</u>	<u>(1 248 010)</u>	<u>-</u>
<b>Total revenues</b>	<b>3 097 727</b>	<b>(325 065)</b>	<b>2 772 662</b>
<b><u>Expenses</u></b>			
Community planning and direct services	411 524	-	411 524
Community economic development	1 302 285	-	1 302 285
Transit service	1 408 794	-	1 408 794
Internet service	<u>162 401</u>	<u>-</u>	<u>162 401</u>
<b>Total expenses</b>	<b><u>3 285 004</u></b>	<b><u>-</u></b>	<b><u>3 285 004</u></b>
<b>Change in net assets</b>	<b>(187 277)</b>	<b>(325 065)</b>	<b>(512 342)</b>
<b>Net assets beginning of year</b>	<b><u>1 786 188</u></b>	<b><u>1 682 313</u></b>	<b><u>3 468 501</u></b>
<b>Net assets end of year</b>	<b><u>\$ 1 598 911</u></b>	<b><u>\$ 1 357 248</u></b>	<b><u>\$ 2 956 159</u></b>

The accompanying notes are an integral part of these statements.

Northern Oklahoma Development Authority

Statement of Functional Expenses

Year Ended June 30, 2018

	<u>Community Planning and Direct Services</u>	<u>Community Economic Development</u>	<u>Transit Service</u>	<u>Internet Service</u>	<u>Total</u>
Salaries	\$ 207 943	\$ 66 229	\$ 290 136	\$ 53 678	\$ 617 986
Payroll taxes	16 229	4 941	21 921	4 199	47 290
Benefits	66 956	24 872	107 466	27 723	227 017
Communication	1 551	340	33 205	26 361	61 457
Depreciation	23 914	108	50 331	699	75 052
Vehicle and equipment maintenance	17 243	1 266	184 717	10 439	213 665
Contract labor	3 390	1 028	578 340	1 414	584 172
Pass thru funds	76	1 184 515	-	-	1 184 591
Occupancy	17 192	4 356	51 230	5 745	78 523
Printing and publications	761	153	1 633	75	2 622
Professional services	36 239	4 400	53 888	9 260	103 787
Supplies	9 185	1 261	23 666	21 301	55 413
Travel and conferences	10 845	8 816	12 261	1 507	33 429
	<u>\$ 411 524</u>	<u>\$ 1 302 285</u>	<u>\$ 1 408 794</u>	<u>\$ 162 401</u>	<u>\$ 3 285 004</u>

The accompanying notes are an integral part of these statements.

**Northern Oklahoma Development Authority**

**Statement of Cash Flows**

**Year Ended June 30, 2018**

**Cash Flows from Operating Activities**

Cash received from federal and state awards	\$ 1 469 218
Cash received from other contracts and services	1 133 157
Payment for salaries and benefits	(887 936)
Payment for goods and services	(2 329 779)
Receipt of interest	<u>5 805</u>
Net cash provided (used) by operating activities	(609 535)

**Cash Flows from Investing Activities**

Receipt of payments on loan receivable	11 394
Purchase of equipment	<u>(41 827)</u>
Net cash provided (used) by investing activities	<u>(30 433)</u>

**Net increase (decrease) in cash and cash equivalent** (639 968)

**Cash and cash equivalent beginning of year** 2 660 692

**Cash and cash equivalent end of year** \$ 2 020 724

**Reconciliation of change in net assets to net cash provided (used) by operating activities:**

Change in net assets	\$ (512 342)
Adjustments:	
Depreciation	75 052
(Increase) decrease in receivable	(164 482)
Increase (decrease) in payable	(12 120)
Increase (decrease) in accrued vacation	<u>4 357</u>
Net cash provided (used) by operating activities	<u>\$ (609 535)</u>

The accompanying notes are an integral part of these statements.

**Northern Oklahoma Development Authority**

**Notes to Financial Statements**

**1 Significant Accounting Policies**

**A Trust authority**

Northern Oklahoma Development Authority (a trust authority) was created in 1994 as a trust for the use and benefit of the beneficiaries for the public purposes hereinafter set forth, under the provisions of Title 60 O.S., Sections 176, et seq, as amended and supplemented, the Interlocal Cooperation Act, Title 74 O.S., Sections 1001 – 1008, inclusive; the Oklahoma Trust Act and other applicable statutes and laws of the State of Oklahoma. The purpose of the authority is to administer programs and provide services to the counties of Alfalfa, Blaine, Garfield, Grant, Kay, Kingfisher, Major and Noble, as well as all public agencies having jurisdiction within those counties.

**B Cash and cash equivalent**

The authority considers all demand and money market accounts to be cash equivalent.

**C Property, vehicles and equipment**

The cost of buildings and improvements, vehicles, and equipment (over \$500) is depreciated over an estimated economic life on a straight-line basis. The economic life of buildings and improvements is 40 years, vehicles is 5 years, and equipment is 5-10 years.

**D Restricted net assets**

Assets restricted by grant or purpose are identified as restricted.

**E Significant concentration of risks**

The authority received and expended various grants from government agencies which are subject to compliance audits by the granting agency. Accordingly, compliance with grant requirements may be tested at some future date. The amount, if any, of grant expenditures which may be disallowed and required to be refunded to the granting agency cannot be determined at this time. However, the authority expects such amount, if any, to be immaterial.

**F Estimates**

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. Accordingly, actual results could differ from those estimates.

**2 Restricted Net Assets**

Restricted net assets are available for the following purposes:

Reap (ODOC) projects	\$ 1 122 259
RLF (ODOC) projects	190 466
Transit vans (insurance proceeds)	44 523
	<u>\$ 1 357 248</u>

**3 Employee Benefit Plan**

The authority makes contributions to the Oklahoma Public Employees Retirement Plan System cost-sharing plan for all regular employees. The retirement plan audit for year ended June 30, 2017 showed the plan had a net pension liability of \$540,663,181 and net OPEB liability of \$11,454,016 with Northern Oklahoma Development Authority employer contribution allocation percentage at .02372450%. In determining the proportionate share of the net pension liability, net OPEB liability, and corresponding pension amounts for a cost-sharing plan, the basis should be consistent with the employer contribution allocation percentage. Total contributions to the plan for 2017 was \$68,285.

**Northern Oklahoma Development Authority**

**Notes to Financial Statements**

**4 Subsequent Events**

Management has evaluated subsequent events through December 6, 2018, the date on which the financial statements were available to be issued.



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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

Board of Directors  
Northern Oklahoma Development Authority  
Enid, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Northern Oklahoma Development Authority (a trust authority), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 6, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Northern Oklahoma Development Authority's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the authority'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the authority'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

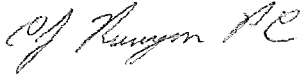
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Northern Oklahoma Development Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other

matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the authority'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 authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Oklahoma City, Oklahoma  
December 6, 2018

**Northern Oklahoma Development Authority**

**Schedule of Expenditures of Federal Awards**

**Year Ended June 30, 2018**

<b><u>Grantor/Pass-through Grantor/Program Title</u></b>	<b><u>CFDA #</u></b>	<b><u>Expenditures</u></b>
<b><u>Federal Awards</u></b>		
U.S. Department of Transportation		
Direct Award		
Rural Area Formula Grant	20.509	\$ 442 870
U.S. Department of Commerce		
Direct Award		
Economic Development Administration	11.302	<u>70 000</u>
Total Federal Awards		512 870
 <b><u>State Awards</u></b>		
State Department of Commerce		
Substate Planning		17 320
Rural Economic Action Plan		<u>1 246 708</u>
Total Department of Commerce		1 264 028
State Department of Transportation		
Public Trust Revolving Fund		<u>169 043</u>
Total State Awards		<u>1 433 071</u>
 Total Federal and State Awards		 <u>\$ 1 945 941</u>

**Basis of Presentation**

The accompanying schedule is presented on the accrual basis of accounting.

The accompanying notes are an integral part of these statements.