

***NORTHERN OKLAHOMA DEVELOPMENT  
AUTHORITY***

***FINANCIAL STATEMENTS  
AND  
AUDITORS' REPORT***

**FOR THE YEAR ENDED JUNE 30, 2012**



***Clothier & Company CPA's P.C.***

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## TABLE OF CONTENTS

### Page No.

#### FINANCIAL STATEMENTS

Independent Auditors' Report	1
Management's Discussion and Analysis	I – V
Statement of Financial Position – Proprietary Funds	2
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds	3
Statement of Cash Flows – Proprietary Funds	4
Notes to the Financial Statements	5 - 14

#### SUPPLEMENTAL INFORMATION

Schedule of Expenditures of Federal Awards	15
Notes to the Schedule of Federal Financial Assistance	16
Schedule of Expenditures of Oklahoma State Awards	17
Notes to the Schedule of Oklahoma Financial Assistance	18

#### OTHER REPORTS

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19 - 20
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	20 - 21
Schedule of Findings and Questioned Costs	23 - 24



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Northern Oklahoma Development Authority  
Enid, Oklahoma

We have audited the accompanying statement of financial position of Northern Oklahoma Development Authority as of June 30, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Northern Oklahoma Development Authority's management. 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 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 statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of Northern Oklahoma Development Authority as of June 30, 2012, and the changes in net assets and its 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*, we have also issued our report dated March 29, 2013, on our consideration of Northern Oklahoma Development Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages I through V 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. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards

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

Our audit was conducted for the purpose of forming an opinion on the financial statements of Northern Oklahoma Development Authority. The accompanying schedule of expenditures of federal and state awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133)* is presented for purposed 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 schedule of federal and state awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in cursive script that reads "Clothier & Company CPAs".

Clothier & Company CPA's

March 29, 2013

**Northern Oklahoma Development Authority**  
**Management's Discussion and Analysis**  
**June 30, 2012**

The following discussion and analysis of Northern Oklahoma Development Authority's (NODA) financial performance provides an overview of NODA's financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with NODA's financial statements.

**FINANCIAL HIGHLIGHTS**

- The assets of NODA exceeded its liabilities at the close of the fiscal year by \$1,477,383 (net assets). Of this amount \$840,900 (unrestricted net assets) may be used to meet the government's ongoing obligations to members and creditors.
- NODA implemented Government Accounting Standards Board, Statement No. 34 as of June 30, 2002. Some cumulative adjustments to revenues and expenses relating to prior depreciation are recognized in the financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENT**

This discussion and analysis is intended to serve as an introduction to NODA's basic financial statements. NODA's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

This discussion and analysis is a part of NODA's annual audited financial statements that is required by Governmental Accounting Standards Board (GASB), Statement No. 34. The intent of this discussion is to give Management's view and analysis of significant financial activities affecting the government during the fiscal year, along with comparative analysis of the government's financial activities from prior years.

**Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad view of NODA's finances, in a manner similar to a private-sector business.

**The Statement of Net Assets**

The statement of net assets presents information on all of NODA's assets and liabilities, with difference between the two reported as net assets. You can think of NODA's net assets as one way to measure the government's financial health, or financial position. over time, increases or decreases in the government's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in Federal or State funding formulas, changes in law, stature of elected officials, and the health of local, state and federal economies, to assess the overall health of NODA.

## The Statement of Activities

The statement of activities presents information showing how NODA's net assets changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., accounts receivable and earned but unused vacation leave).

In the *Statement of Net Assets* and the *Statement of Activities*, We divide the financial activities of NODA into two types:

**Governmental activities** – Most of NODA's basic services and programs are reported here, including general government, Area Agency on Aging, Rural Economic Action Plan, and various local community development contracts. Contracts with members and other governmental entities, as well as state and federal grants finance most of these activities.

**Business-type activities** – NODANET charges fees to non-members (customers) for services and facilities to help cover all or a part of the cost of providing those services and maintaining facilities.

## Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. NODA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with funding restrictions and other legal requirements. All of the funds of NODA can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds** – Most of NODA's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements provide a detailed short-term view of NODA's general operations and the basic services it provides. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financial decisions. *The governmental fund balance sheet* and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

NODA maintains numerous individual governmental funds, however data from the various governmental funds are combined into a single, aggregated presentation. Information is presented for the combined funds in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Analysis of some significant individual fund data for these governmental funds is provided later in this report.

## **THE ORGANIZATION AS A WHOLE**

### **Net Assets**

As noted earlier, net assets may serve over time as a useful indicator of NODA's position. For the year ended June 30, 2012 NODA's net assets is \$1,477,383.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal restrictions total \$840,900.

## **THE AUTHORITY AS A WHOLE**

### **THE AUTHORITY'S FUNDS**

NODA's governmental funds (as presented in the balance sheet on page 4) reported a combined fund balance of \$840,900. In addition, the description of the Authority's funds is as follows:

- NODA is the host agency for the Area Agency on Aging (AAA). The AAA fund is the funding agency for the Wheatheart Nutritional Project, and Legal Aid Services of Western Oklahoma. AAA Also includes the Ombudsman, Information and Assistance, and Aging planning services for the eight country area served by NODA.
- NODA administers the Rural Fire Program. The Rural Fire Program provides training, equipment and technical support for the eight county area.
- The Cherokee Strip Transit (CST) is a public transit system for rural area in the counties of Garfield, Kingfisher, Payne, Noble, Blaine, Kay and Pawnee. The CST Fund supplies transportation for the elderly, handicapped, medical needs, schooling and is open to the public.
- NODA acts as the administrating agency for the Rural Economic Action Plan (REAP). The REAP program helps rural communities and counties develop better economics and improve standards of living in rural Oklahoma
- The Economic Development Administration, Oklahoma Department of Commerce and Economic Development Administration-Revolving Loan Funds provide service for small communities. These services include city mapping, Community Development Block Grant Administration, code preparation, annexation, community planning and obtaining loans for the communities.

### **Budgetary Highlights**

NODA develops an organizational budget for the fiscal year that is segregated by specific funds.

In addition, the Authority Oklahoma Department of Transportation Grant which partially funds the Cherokee Strip Transit program that end on September 30. Budgets are developed and maintained for the specific grant year. Amendments are made during the year and submitted to the State for approval.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of June 30, 2012, the Authority had \$2,795,484 invested in a broad range of capital assets, including land, buildings, office equipment and grant equipment.

### **Debt**

NODA had \$-0- in long-term debt with Citizen State Bank of Morrison, Oklahoma (at the fiscal year end 2012 respectively). NODA has no plans at this time to enter into any long-term debt agreements.

## **Economic Factors and Next Year's Budget and Rates**

NODA is constantly exploring new avenues of funding for existing programs, as well as new programs that will benefit the eight county area. NODA is a member of OARC. OARC is the Oklahoma Association of Regional Councils that represent all eleven COG's in the state. Currently the members of OARC have voted to actively pursue increased funding from the legislature for several of the programs NODA operates. OARC is seeking the funding increases to offset the effects of rising costs. The increase funding will also help to provide matching funds for Federal Grants. NODA's goal is maintain or expand program services in the eight county area as allowed by program funding.



Northern Oklahoma Development Authority  
Statement of Financial Position - Proprietary Funds  
For the Year Ended June 30, 2012

	<b>Assets</b>	<b>Proprietary Fund</b>
<b>Current Assets</b>		
Cash		\$755,474
Grants receivable		479,404
Accounts receivable		174,497
Prepaid expenses		45,151
Total Current Assets		1,454,526
 <b>Noncurrent Assets</b>		
Reserved/restricted cash		1,622,337
Capital assets		2,795,484
Accumulated depreciation		(2,161,636)
Total Noncurrent Assets		2,256,185
 <b>Other Assets</b>		
Notes receivable		107,817
Total Other Assets		107,817
 Total Assets		\$3,818,528
 <b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable		\$100,106
Accrued expenses		120,073
Deferred revenue		1,763,127
Pass-thru payable		316,252
Total Current Liabilities		2,299,558
 <b>Noncurrent Liabilities</b>		
Accrued vacation payable		41,587
Total Noncurrent Liabilities		41,587
 Total Liabilities		2,341,145
 <b>Net Assets</b>		
Invested in Capital Assets		633,848
Restricted for:		
Other purposes		2,635
Unrestricted		840,900
Total Net Assets		1,477,383
 Total Liabilities and Net Assets		\$3,818,528

See accompanying footnotes and independent auditors' report.

Northern Oklahoma Development Authority  
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds  
For the Year Ended June 30, 2012

	Proprietary Fund
<b>Revenues</b>	
<b>Operating Revenues</b>	
Membership Dues	\$74,576
Donations	135
Fees and services	111,338
Contract administration fees	962,416
Operating grants	4,600,391
Other income	226,352
	<hr/>
Total Operating Revenues	5,975,208
<b>Operating Expenses</b>	
Salaries and wages	1,412,718
Employee fringe benefits	378,684
Allocated Indirect costs	0
Travel	297,849
Other direct grant costs	151,067
Pass-thru to sub-grantee	3,016,666
Postage and supplies	86,128
Occupancy and other	267,117
Telephone and internet	82,460
Repairs and maintenance	10,970
Depreciation expense	245,722
	<hr/>
Total Operating Expenses	5,949,381
	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	25,827
	<hr/>
<b>Nonoperating Revenue (Expense)</b>	
Investment income	5,452
Interest expense	(289)
Transfers	0
	<hr/>
Total Nonoperating Revenue (Expense)	5,163
	<hr/>
Change in Net Assets	30,990
<b>Beginning Net Assets</b>	1,446,393
	<hr/>
<b>Ending Net Assets</b>	\$1,477,383
	<hr/> <hr/>

See accompanying footnotes and independent auditors' report.

Northern Oklahoma Development Authority  
Statement of Cash Flows - Proprietary Funds  
For the Year Ended June 30, 2012

	<u>Proprietary Fund</u>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$7,967,417
Cash received from other sources	0
Cash payment to employees for services	(1,412,718)
Cash payments to sub-grantee	(3,016,666)
Cash payments to suppliers for goods and services	(3,556,470)
Net Cash Provided (Used) by Operating Activities	<u>(18,437)</u>
<b>Cash flows from noncapital financing activities:</b>	
Nonoperating cash received	<u>0</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>0</u>
<b>Cash Flows from Investing Activities:</b>	
Receipt of interest and dividends	5,452
Decrease in restricted cash	242,994
Payment of debt	(5,448)
Sale of fixed assets	0
Purchase of fixed assets	(40,555)
Net Cash Provided (Used) by Investing Activities	<u>202,443</u>
Net Increase (Decrease) in Cash	184,006
Cash and Cash Equivalents, July 1, 2011	<u>571,469</u>
Cash and Cash Equivalents, June 30, 2012	<u><u>\$755,475</u></u>
<b>Reconciliation of Income (Loss) from Operations to Net Cash Provided by Operating Activities:</b>	
Income (loss) from operations	\$25,827
<b>Adjustments:</b>	
Depreciation expense	245,722
<b>Change in Current Assets and Liabilities:</b>	
Decrease (increase) in accounts receivable	949,469
Decrease (increase) in prepaid expenses	(7,538)
Increase (decrease) in accounts payable	(2,403,654)
Increase (decrease) in other liabilities	<u>1,171,737</u>
Net Cash Provided by Operating Activities	<u><u>(\$18,437)</u></u>

See accompanying footnotes and independent auditor's report.

**NORTHERN OKLAHOMA DEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Reporting Entity and Component Units

The Northern Oklahoma Development Authority (NODA) is organized under the provisions of Title 60, Oklahoma Statutes, sections 176, et seq, as amended and supplemented; the Interlocal Cooperation Act, Title 74 Oklahoma Statutes, sections 1001-1008, inclusive; and other applicable statutes and laws of the State of Oklahoma. NODA is authorized under its charter to provide planning, technical assistance, and direct services management to the eight counties of Alfalfa, Grant, Kay, Major, Garfield, Noble, Blaine, and Kingfisher, as well as all public agencies having jurisdiction within those counties, including cities, towns, soil and water conservation districts, and other public agencies, districts, authorities and political subdivisions.

In accordance with generally accepted accounting principles, NODA is defined as a stand-alone government with no component units.

Basis of Presentation - Fund Accounting

NODA's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although NODA had the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, NODA has chosen not to do so. The more significant accounting policies established in GAAP and used by NODA are discussed below.

The accounts of NODA are organized on the basis of grants. The 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 NODA:

*General Fund* - the general operating fund of NODA. 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, donations, and CDBG/CIP revenue.

The grants and programs in the proprietary financial statements include:

- Area Agency on Aging (AAA)
- Rural Economic Action Plan (REAP)
- Department of Transportation (CST)
- Indirect Cost Allocation Pool
- NODA.Net
- Rural Fire
- Caregiver
- EDA Revolving Loan Fund

**NORTHERN OKLAHOMA DEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

- Oklahoma Department of Commerce (ODOC)
- AAA Transit
- Other AAA Funds
- Diabetes Self-Management Program (DSMP)
- Money Follows the Person (MFP)
- Regional Transportation Planning Organization (RTPO)
- Economic Development Administration (EDA)
- Health Promotions

Basis of Accounting

Certain contracts require NODA to provide revenues from other sources to help defray costs of operating their programs. NODA 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.

Budgets

The board of trustees adopts one annual operating budget for the combined general and special revenue funds that is submitted to the county commissioners of each beneficiary county. Subsequent budget amendments, if required, are approved by the board of trustees and provided to the county commissioners.

The same generally accepted accounting principles basis of accounting is used to reflect revenues and expenses for financial and budgetary reporting. Encumbrance accounting is not used, and unused appropriations lapse at the end of the year.

Cost Allocation Plan

NODA allocated indirect costs using three cost pools. The first pool relates to copier costs and is allocated to grants and programs at a fixed rate of \$.04 per copy. The second pool accounts for costs of facilities and includes all building costs, such as utilities, repairs and maintenance, depreciation. This pool is also allocated on a fixed rate each month based on the square feet of space used by each grant or program. The current rate for this pool is substantially below actual costs incurred. The third pool includes all remaining indirect cost. In this pool actual costs incurred are allocated to programs and grants based on direct labor dollars.

Cash and Restricted Cash

NODA 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.

Cash and Cash Equivalents

For the purpose of the cash flow statement, the Authority considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**NORTHERN OKLAHOMA DEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts and Grants Receivable

Accounts and grants receivable are shown net of estimated uncollectible accounts. For the year ended June 30, 2012, no grant receivable was determined to be uncollectible. No accounts were considered uncollectible for NODA.Net.

Due To and From Other Funds

Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which transactions are executed.

Asset Capitalization Policy

Capital assets purchased or acquired are carried at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets purchased or acquired through capital leases are capitalized and depreciated using the straight-line method based on the estimated useful lives of the respective assets. Depreciation for these assets has been included as an indirect expense.

	<u>Useful Life</u>	<u>Capitalization Threshold</u>
Buildings and improvements.	40 yr.	\$500
Equipment	5-7 yr.	\$500

Employee Benefit Plan

NODA provides two separate Simplified Employee Pension Retirement Plans for all regular employees. Employer contributions to the plan chosen by each eligible employee are not mandatory but are subject to availability of funds as determined by the executive director and the board. Total contributions by NODA to the plan were \$63,141 for the year just ended.

**2. DEPOSITS WITH FINANCIAL INSTITUTIONS**

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to them. Deposits are exposed to custodial risk if they are not covered by depository insurance or collateralized receipts.

**NORTHERN OKLAHOMA DEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

NODA's bank deposits totaled \$2,377,636 (\$175 petty cash) as of June 30, 2012. \$927,059 of those deposits are covered by FDIC insurance, \$1,450,577 are collateralized by pledged securities, and \$0 are uninsured or un-collateralized as of June 30, 2012.

**3. FIXED ASSETS**

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives.

Activity for general fixed assets capitalized by NODA is summarized as follows:

	Balance 6/31/11	Additions/ Deletions	Accumulated Depreciation	Balance 6/30/12
Equipment Non-Chargeable	2,091,787	3,498	(1,660,500)	434,785
Buildings	192,657	0	(76,573)	116,084
Equipment Chargeable	213,240	36,103	(190,209)	59,134
NODA Net	257,244	955	(234,353)	23,846
	<u>2,754,928</u>	<u>40,555</u>	<u>(2,161,635)</u>	<u>633,848</u>

**4. RISK MANAGEMENT AND CONTINGENT LIABILITIES**

NODA is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. NODA manages this risk through the purchase of commercial insurance policies when possible. Risk management activities are accounted for by fund, and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

**5. LONG-TERM DEBT**

On February 10, 2009, NODA borrowed \$21,252 for 4 years at 4% to purchase a 2009 Ford Taurus for their own use. The balance of the note will paid in FY2013. Activity for long-term debt is summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Citizens State Bank	\$9,235	\$0	\$5,446	\$3,789

**NORTHERN OKLAHOMA DEVELOPMENT AUTHORITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**6. INTER-FUND TRANSFERS**

Presented below is a summary of inter-fund transfers:

	From	To
Area Agency on Aging Services	\$0	\$18,937
Economic Development Administration	0	27,268
Rural Fire	0	28,298
Cherokee Strip Transportation	0	1,365
Department of Commerce	0	40,926
Association	201,928	0
Fixed Assets	0	39,601
RTPO	0	34,154
MIPPA	0	8,329
Other (under \$2,000)	0	3,050
	\$201,928	\$201,928

**7. VACATION AND SICK LEAVE**

Annual leave is provided to all full-time and part-time employees scheduled to work at least 20 hours per week. Part-time employees will receive forty (40) hours annual leave and twenty-four (24) hours sick leave per year. These hours will be accrued on a monthly basis (3.33 vacations hours per month, 2.00 hours sick leave per month).

All full-time employees shall be entitled to annual leave that is accrued on a monthly basis based on number of years employed. Less than one year of employment accrue eight (8) hours per month; more than one but, less than four years accrue ten (10) hours per month; more than four but, less than six accrue twelve (12) hours per month; more than six but, less than ten accrue sixteen (16) per month; and more than ten years of employment accrue twenty (20) hour per month. Accrued annual leave was \$45,587 at June 30, 2012.

All full-time employees shall be entitled to sick leave that accrued at a rate of eight (8) hours for each full calendar month of service to NODA. Sick leave shall be accrued up to a maximum of 480 hours. Accrued sick leave is not included in the financial statements because it is not paid at the time of departure from the Authority. Accrued sick leave at June 30, 2012 was \$5,416.

**8. DEFERRED REVENUE**

For certain grants and contracts, the Authority collects revenue amounts before the completion of the earnings process for those grants and contracts. Those amounts are treated as deferred revenue, which is recognized as a liability by the Authority. When the grant and contract process is properly completed, the revenue is recognized as earned.

**9. EVALUATION OF SUBSEQUENT EVENTS**

NODA has evaluated subsequent events through March 29, 2013, the date which the financial statements were available to be issued.

On March 25, 2013, the executive director, Jay States resigned.



**NOTE 10 - SUMMARY OF GRANTS IN THE GENERAL REVENUE FUND**

<b>Assets</b>	Department of Health and Human Services	Rural Economic Action Plan	Department of Transportation	NODA.Net	Rural Fire
<b>Current Assets</b>					
Cash	\$0	\$0	\$2,970	\$161,833	\$0
Investments	0	0	0	0	0
Grants receivable	201,473	96,104	115,196	0	1,667
Accounts receivable	0	0	0	(2,689)	0
Prepaid expenses	0	0	0	0	0
Total Current Assets	201,473	96,104	118,166	159,144	1,667
<b>Noncurrent Assets</b>					
Reserved/restricted cash	0	1,550,873	0	0	0
Capital assets	0	0	0	258,199	0
Accumulated depreciation	0	0	0	(234,353)	0
Total Noncurrent Assets	0	1,550,873	0	23,846	0
<b>Other Assets</b>					
Notes receivable	0	0	0	0	0
Total Other Assets	0	0	0	0	0
Total Assets	\$201,473	\$1,646,977	\$118,166	\$182,990	\$1,667
<b>Liabilities and Net Assets</b>					
<b>Current Liabilities</b>					
Accounts payable	\$2,048	\$0	\$15,178	\$323	\$750
Accrued expenses	0	0	0	0	0
Inter-fund payable	43,116	0	411,426	646,871	(2,781)
Deferred revenue	0	1,646,977	0	0	0
Pass-thru payable	154,008	0	0	0	0
Total Current Liabilities	199,172	1,646,977	426,604	647,194	(2,031)
<b>Noncurrent Liabilities</b>					
Accrued vacation payable	2,301	0	12,259	1,825	3,698
Total Noncurrent Liabilities	2,301	0	12,259	1,825	3,698
Total Liabilities	201,473	1,646,977	438,863	649,019	1,667
<b>Net Assets</b>					
Invested in Capital Assets	0	0	0	23,846	0
Restricted for:					
Other purposes	0	0		0	0
Unrestricted	0	0	(320,697)	(489,875)	0
Total Net Assets	0	0	(320,697)	(466,029)	0
Total Liabilities and Net Assets	\$201,473	\$1,646,977	\$118,166	\$182,990	\$1,667

Caregiver	Revolving Loan Fund	Department of Commerce	AAA Transportation	Other AAA	DSMP MFP MIPPA RTPO	Economic Development Administration	Health Promotion
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0	0
0	0	25,030	0	0	2,185	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	25,030	0	0	2,185	0	0
0	26,729	0	0	44,735	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	26,729	0	0	44,735	0	0	0
0	107,817	0	0	0	0	0	0
0	107,817	0	0	0	0	0	0
\$0	\$134,546	\$25,030	\$0	\$44,735	\$2,185	\$0	\$0
\$391	\$0	\$17,614	\$1,062	\$0	\$0	\$156	\$0
0	0	0	0	0	0	0	0
(2,772)	49,488	4,329	(2,156)	10,092	2,314	(3,163)	(740)
0	81,581	0	0	34,569	0	0	0
0	0	0	0	0	0	0	0
(2,381)	131,069	21,943	(1,094)	44,661	2,314	(3,007)	(740)
2,381	0	3,087	1,094	74	712	3,007	740
2,381	0	3,087	1,094	74	712	3,007	740
0	131,069	25,030	0	44,735	3,026	0	0
0	0	0	0	0	0	0	0
0	3,477	0	0	0	(841)	0	0
0	0	0	0	0	0	0	0
0	3,477	0	0	0	(841)	0	0
\$0	\$134,546	\$25,030	\$0	\$44,735	\$2,185	\$0	\$0

**NOTE 10 - SUMMARY OF GRANTS IN THE GENERAL REVENUE FUND**

<b>Revenues</b>	Department of Health and Human Services	Rural Economic Action Plan	Department of Transportation	NODA.net	Rural Fire
<b>Operating Revenues</b>					
Membership dues	\$0	\$0	\$0	\$0	\$0
Donations	0	0	0	0	0
Fees and services	0	0	0	111,338	0
Contract administration fees	234,166	0	0	0	0
Operating grants	1,472,615	1,384,695	1,101,024	0	70,000
Other income	87	0	151,187	0	0
Total Operating Revenues	1,706,868	1,384,695	1,252,211	111,338	70,000
<b>Operating Expenses</b>					
Salaries and wages	131,497	0	652,370	31,675	49,412
Employee fringe benefits	50,289	0	113,166	12,939	18,336
Allocated indirect costs	45,676	0	226,347	11,058	16,493
Travel	4,634	0	255,381	4,853	6,608
Other direct grant costs	0	0	17,340	0	0
Pass-thru to sub-grantee	1,472,615	1,384,695	0	0	0
Postage and supplies	7,090	0	5,814	23,132	448
Occupancy and other	12,427	0	97,267	6,216	4,678
Telephone and internet	1,577	0	20,754	32,402	3,073
Repairs and maintenance	0	0	1,741	0	(750)
Capital expenditures	0	0	0	954	1,396
Depreciation expense	0	0	0	0	0
Total Operating Expenses	1,725,805	1,384,695	1,390,180	123,229	99,694
Total Operating Income	(18,937)	0	(137,969)	(11,891)	(29,694)
<b>Nonoperating Revenue (Expense)</b>					
Investment income	0	0	0	68	0
Interest expense	0	0	0	0	0
Transfers	18,937	0	1,365	0	29,694
Total Nonoperating Revenue (Expense)	18,937	0	1,365	68	29,694
Change in Net Assets	0	0	(136,604)	(11,823)	0
<b>Beginning Net Assets</b>	0	0	(184,093)	(478,052)	0
<b>Ending Net Assets</b>					
Invested in Capital Assets	0	0	0	23,846	0
Restricted for:					
Other purposes	0	0	0	0	0
Unrestricted	0	0	(320,697)	(489,875)	0
Total Net Assets	\$0	\$0	(\$320,697)	(\$466,029)	\$0

Caregiver	Revolving Loan Fund	Department of Commerce	AAA Transportation	Other AAA	DSMP MFP MIPPA RTPO	Economic Development Administration	Health Promotion
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	110	25	0	0	\$0
0	0	0	0	0	0	0	0
0	0	8,191	0	0	0	0	0
74,294	0	197,115	107,624	65,681	6,303	75,000	14,513
0	214	0	0	7,721	0	0	0
74,294	214	205,306	107,734	73,427	6,303	75,000	14,513
40,578	0	49,453	19,929	4,828	24,357	54,374	8,004
15,511	0	15,045	8,756	2,185	9,604	19,141	3,589
13,708	0	17,063	7,097	2,152	8,605	19,450	2,736
2,135	0	2,398	12	0	4,418	3,855	90
0	0	0	67,810	65,681	0	0	0
0	0	159,356	0	0	0	0	0
734	40	444	2,363	18	(20)	465	61
3,663	150	2,473	817	276	5,346	7,811	329
0	0	0	1,200	0	0	743	0
(2,035)	0	0	0	0	(1,536)	0	(84)
0	0	2,102	0	0	0	0	0
0	0	0	0	0	0	0	0
74,294	190	248,334	107,984	75,140	50,774	105,839	14,725
0	24	(43,028)	(250)	(1,713)	(44,471)	(30,839)	(212)
0	0	0	0	0	0	3,571	0
0	0	0	0	0	0	0	0
0	(24)	43,028	250	1,713	43,630	27,268	212
0	(24)	43,028	250	1,713	43,630	30,839	212
0	0	0	0	0	(841)	0	0
0	3,477	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	3,477	0	0	0	(841)	0	0
0	0	0	0	0	0	0	0
\$0	\$3,477	\$0	\$0	\$0	(\$841)	\$0	\$0

***SUPPLEMENTAL INFORMATION***

Northern Oklahoma Development Authority  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal CFDA Titles	Pass- Through Grantor Number	Expenditure
<b>U.S. Department of Commerce:</b>				
Economic Development Administration	11-302	EDA	08-83-04668	\$ 75,000
Total Agency				<u>75,000</u>
<b>U.S. Department of Health and Human Services: (*)</b>				
Passed through Oklahoma Department of Human Services - Area Agency on Aging Services For the year ended June 30, 2012				
Grants to Supportive Services & Senior Centers	93.044	Title IIIB	11004956	205,214
Nutrition Services	93.045	Title IIIC1	11004956	248,604
Nutrition Services	93.045	Title IIIC2	11004956	124,808
In-home Services for Frail Older Individuals	93.043	Title IIID	11004956	11,910
Disease Prevention & Health Promotion Services	93.052	Title IIIE	11004956	66,290
Programs for Prevention of Elder Abuse, Neglect & Exploitation	93.041	Title IIIVII	11004956	2,932
Department of Human Services Food Distribution	93.053	NSIP	11004956	133,163
Total Agency				<u>792,921</u>
<b>U.S. Department of Transportation: (*)</b>				
Federal Transit Administration Passed through Oklahoma Department of Transportation				
Public Transit Revolving Fund				193,175
FY12 5311 Program	20.509			310,829
FY11 5311 Program	20.509			45,145
Total Agency				<u>549,149</u>
Total Federal Assistance				<u><u>\$ 1,417,070</u></u>

(\*) Major Program

See accompanying footnotes and auditors' report.

**Northern Oklahoma Development Authority**  
Notes to the Schedule of Federal Financial Assistance  
For the Year Ended June 30, 2012

**NOTE 1 – BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is accounted for under the accrual method of accounting.

**NOTE 2 – U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

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

<u>Subrecipient</u>	<u>Federal Pass-Through Grant Amount</u>
Rural Health	\$ 11,910
Legal Aid Services of Oklahoma	14,716
Wheatheart Nutrition	516,088
Caregiver	54,416
Silver Dollars	79,092
	<hr/>
Totals	<u><u>\$ 676,222</u></u>

Northern Oklahoma Development Authority  
Schedule of Expenditures of Oklahoma Awards  
For the Year Ended June 30, 2012

State Grantor/ Pass-Through Grantor/ Program Title	Pass-Through Grantor Number	Expenditure	Obligated
<b>Department of Commerce:</b>			
Community Expansion of Nutrition Assistance	14696 CENA 12	\$167,547	\$0
State Appropriated Funds for Substate Planning Dist	14763 SS 12	36,364	0
Agency Total		203,911	0
<b>Department of Agriculture, Forestry Services:</b>			
Rural Fire Defense Program FY2012		\$70,000	\$0
Agency Total		70,000	0
<b>Department of Human Services (*):</b>			
Area Agency on Aging Services			
III-B	93.044	\$29,140	\$0
III-C-1	93.045	47,804	0
III-C-2	93.045	29,047	0
III-D	93.043	0	0
III-E	93.052	3,958	0
VII	93.041	518	0
MIPPA Grant	11029643	2,185	0
Agency Total		112,652	0
<b>Oklahoma Department of Commerce (*):</b>			
REAP Administration	2012 Funds	\$57,662	\$0
Rural Economic Action Plan	2007 Funds	0	0
Rural Economic Action Plan	2008 Funds	77,741	83
Rural Economic Action Plan	2009 Funds	88,192	18,266
Rural Economic Action Plan	2010 Funds	330,354	32,516
Rural Economic Action Plan	2011 Funds	664,783	497,714
Rural Economic Action Plan	2012 Funds	223,625	987,617
Reap Total		1,442,357	1,536,196
<hr/>			
Total Oklahoma State Awards		\$1,828,920	\$1,536,196

(\*) **Major Program**

See accompanying footnotes and auditors' report.



**Northern Oklahoma Development Authority**  
Notes to the Schedule of Oklahoma Financial Assistance  
For the Year Ended June 30, 2012

**NOTE 1 – BASIS OF ACCOUNTING**

The accompanying schedule of Expenditures of Oklahoma Awards is prepared under the accrual method of accounting.

**NOTE 2 – U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

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

<u>Subrecipient</u>	<u>State Pass-Through Grant Amount</u>
Rural Health	\$ 2,603
Legal Aid Services of Oklahoma	12,784
Wheatheart Nutrition	530,830
Caregiver	20,414
Silver Dollars	40,908
	<hr/>
Total	\$607,539
	<hr/>



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**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**

To the Board of Directors  
Northern Oklahoma Development Authority  
Enid, Oklahoma

We have audited the financial statements of Northern Oklahoma Development Authority as of and for the year ended June 30, 2012, and have issued our report thereon dated March 29, 2013. 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.

**Internal Control Over Financial Reporting**

Management of Northern Oklahoma Development Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Northern Oklahoma Development Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 Northern Oklahoma Development Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Northern Oklahoma Development 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 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.

Our 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

## 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*

This report is intended solely for the information and use of management, the Board of Directors, the State Auditor and Inspector, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Clothier & Company CPA's".

Clothier & Company, CPA's, P.C.  
March 29, 2013



*Clothier & Company CPA's P.C.*  
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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT  
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Independent Auditors' Report**

To the Board of Directors  
Northern Oklahoma Development Authority

**Compliance**

We have audited Northern Oklahoma Development Authority's 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, 2012. The Authority's major federal programs are identified in the summary of auditors' result section of the accompanying schedule of findings and responses. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we 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 we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

In our opinion, the Authority 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 June 30, 2012.

**Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program

to determine our auditing procedures for the purpose of expressing our opinion on compliance 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, we do not express an opinion on the effectiveness on 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.

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

#### Schedule of Expenditures of Federal Awards

We have audited the financial statements of Northern Oklahoma Development Authority as of and for the year ended June 30, 2012, and have issued our report thereon dated March 29, 2013, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the management, Board of Directors, the State of Oklahoma awarding agencies, Federal awarding agencies, the State Auditor and Inspector, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Clothier & Company CPA's  
March 29, 2013

Northern Oklahoma Development Authority  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2012

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS:**

2011-1 – Audited Financial Statements

*Condition:* Annual audited financial statements were not filed with the grantor agencies and the Federal Audit Clearinghouse by the due dates.

*Current Status:* The annual audit has been filed with the grantor agencies and the Federal Audit Clearinghouse in a timely manner.

**SECTION I - SUMMARY OF AUDITORS' RESULTS:**

*Financial Statements*

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes      X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes      X   no
- Noncompliance material to financial statements noted? \_\_\_\_\_ yes      X   no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes      X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes      X   no

Type of auditors' report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

\_\_\_\_\_ yes      X   no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name if Federal Program or Cluster</u>
93.041, 93.043, 93.044, 93.045, 93.052, 93.053, 93.705, and 93.707	U.S. Department of Health and Human Services Area Agency on Aging
20.500, 20.509	U.S. Department of Transportation, Federal Transit Administration

Dollar threshold used to distinguish between type A and Type B programs:

\$300,000.00

Auditee qualifies as a low-risk auditee?

\_\_\_\_\_ yes      X   no

**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported