

***NORTHERN OKLAHOMA DEVELOPMENT
AUTHORITY***

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

FOR THE YEAR ENDED JUNE 30, 2011



Clothier & Company CPA's P.C.

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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, 2011, 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 above present fairly, in all material respects, the respective financial position of Northern Oklahoma Development Authority as of June 30, 2011, 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 September 28, 2012, 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.

The Northern Oklahoma Development Authority has not presented the Management's Discussion and Analysis that the Government Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The additional information on page 12 and 13 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. We have applied certain limited procedures, which consisted principally of inquiries of management

regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basis financial statements of Northern Oklahoma Development Authority. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedules of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Clothier & Company CPA's". The ink is dark and the signature is fluid.

Clothier & Company CPA's
September 28, 2012

NORTHERN OKLAHOMA DEVELOPMENT AUTHORITY
STATEMENT OF NET ASSETS
June 30, 2011

ASSETS	Proprietary Funds
Current assets:	
Cash and cash equivalents	\$ 571,469
Receivables, net of allowances for uncollectible accounts:	
Accounts receivables	333,999
Grants receivables	1,173,746
Prepaid expenses	37,613
Total current assets	2,116,827
Noncurrent assets:	
Restricted cash and cash equivalents	1,865,331
Capital assets	
Property, plant, equipment	2,754,929
Accumulated depreciation	(1,915,914)
Notes receivable	203,441
Total noncurrent assets	2,907,787
Total assets	5,024,614
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 46,843
Accrued liabilities	87,109
Deferred revenue	617,225
Pass-thru payable	2,778,615
Total current liabilities	3,529,792
Noncurrent liabilities:	
Accrued vacation payable	48,429
Total noncurrent liabilities	48,429
Total liabilities	3,578,221
NET ASSETS	
Net assets:	
Invested in capital assets	839,015
Restricted for:	
Grant projects	-
Other purposes	-
Unrestricted	607,378
Total net assets	\$ 1,446,393

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

NORTHERN OKLAHOMA DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Total	Proprietary Funds
Revenues:		
Federal and state grants	\$	3,760,166
Dues, interest, and other income		1,801,755
Total revenue		<u>5,561,921</u>
Expenditures:		
Salaries and fringe benefits		1,914,863
Postage and supplies		44,267
Travel and training		42,951
Allocated indirect costs		379,530
Occupancy and other		22,022
Telephone, internet, computer		68,319
Repairs and maintenance		75,038
Other expenses		316,796
Depreciation Expense		351,718
Direct program costs		54,027
Passed-through funds		2,489,614
Total expenditures		<u>5,759,145</u>
Excess (deficiency) of revenues over expenditures		<u>(197,224)</u>
Fund balances - beginning of year		<u>1,643,617</u>
Fund balances - end of year	\$	<u><u>1,446,393</u></u>

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

NORTHERN OKLAHOMA DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2011

	Proprietary Fund
Cash flows from operating activities:	
Cash received from customers	\$ 1,586,294
Cash received from other sources	3,292,474
Cash payment to employees for services	(1,903,238)
Cash payment to sub-grantee	(2,154,551)
Cash payments to suppliers for goods and services	(861,176)
Net Cash Provided (Used) by Operating Activities	(40,197)
Cash flows from noncapital financing activities:	
Transfers from other funds	0
Net Cash Provided (Used) by Noncapital Financing Activities	0
Cash Flows from Investing Activities:	
Payment of debt	(4,774)
Purchase of fixed assets	(16,475)
Net Cash Provided (Used) by Investing Activities	(21,249)
Net Increase (Decrease) in Cash	(61,446)
Cash and Cash Equivalents, July 1, 2010	632,915
Cash and Cash Equivalents, June 30, 2011	\$ 571,469
Reconciliation of (Loss) from Operations to Net Cash Provided by Operating Activities:	
Income (loss) from operations	\$ (197,223)
Adjustments:	
Depreciation expense	351,718
Change in Current Assets and Liabilities:	
Decrease (increase) in accounts receivable	(872,326)
Decrease (increase) in prepaid expenses	(7,339)
Increase (decrease) in accounts payable	665,097
Increase (decrease) in other liabilities	19,876
Net Cash Provided by Operating Activities	\$ (40,197)

The accompanying notes are an integral part of these

financial statements.

NORTHERN OKLAHOMA DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

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

The accompanying financial statements are presented differently than in previous years. Previously, the financial statements were presented as governmental activities and included government-wide statements, government fund statement, a reconciliation of the government-wide and government funds statements, and a proprietary fund statement. The new presentation includes a proprietary fund statement that includes the General Revenue Fund. The new presentation is in compliance with GASB 34 as discussed below.

NODA's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental 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 it assets, liabilities, net assets, revenues, and expenditures. The following funds are used in NODA's accounting records:

General Fund – The General Fund is the primary operating fund of NODA. It is used to account for all financial resources 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 accounting records include:

- Area Agency on Aging (AAA)
- Economic Development Administration (EDA)
- Rural Fire
- Department of Transportation (CST)
- Indirect Cost Allocation Pool
- Oklahoma Department of Commerce (ODOC)

NORTHERN OKLAHOMA DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

- Rural Economic Acton Plan (REAP)
- Bio-Hazard
- NODA - NET
- EDA Revolving Loan Fund
- Other AAA Funds
- AAA Transit
- Living Longer Living Stronger
- Care Giver
- Health Promotion
- Diabetes Self-Management Program (DSMP)
- Regional Transportation Planning Organization (RTPO)
- Money Follows the Person (MFP)

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 submitted 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 related 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, and depreciation. This pool is 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, 2011

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, 2011, the allowance for uncollectible accounts was \$171,098

Due To and From Other Funds

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

Presented below is a summary of Due to and From Other Funds at June 30, 2011.

	FROM	TO
Federal EDA	\$ 5,630	\$ -
Rural Fire	-	24,586
Oklahoma Department of Commerce	-	17,830
General Fund	1,283,195	223,199
EDA Revolving Fund	-	49,012
Bio hazard	-	-
Oklahoma Department of Transportation	-	192,590
NODA.net	-	589,850
Other	7,756	10,471
Assistance to the Elderly	-	189,043
Total	\$ 1,296,581	\$ 1,296,581

Property, Plant and Equipment

Fixed assets are recorded in the appropriate governmental or business-type funds as acquired and capitalized at cost. All capital assets are valued 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.

Compensated Absences

Employees are entitled to certain compensated absences based on their length of employment and subject to certain limitations. These compensated absences are expensed as earned. Upon termination, the remaining balance is paid to the employee.

Unpaid sick leave is not required to be paid to employees upon termination, and therefore, is not accrued as a liability. The balance of unpaid sick leave at June 30, 2011 is \$100,872.

NORTHERN OKLAHOMA DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

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 \$76,040 for the year ended June 30, 2011.

2. CASH AND INVESTMENTS

Deposits and investments made by NODA are summarized below. The deposits and investments are classified as to credit risk within the following three categories:

Category 1 – Insured or registered, or securities held by NODA or its agent in NODA's name \$928,330.

Category 2 – Uninsured and unregistered, with the securities held by the counterparty's trust department or agent in NODA's name \$0.

Category 3 – Uninsured and unregistered, with securities held by the counterparty or by its trust department of agent, but not in NODA's name \$1,648,268.

NODA's bank deposits totaled \$2,576,598 as of June 30, 2011. \$928,330 of those deposits is covered by FDIC insurance, \$1,648,268 is collateralized by pledged securities, and \$0 is uninsured as of June 30, 2011.

The State of Oklahoma allows municipalities to invest in the following: 1. direct obligations of the United States Government, its agencies or instrumentalities; 2. collateralized or insured certificates of deposit; 3. insured savings accounts or saving certificates; and 4. county, municipal or school district direct debt.

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.

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

NORTHERN OKLAHOMA DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

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

Cost	Beginning Balance	Additions	Retirements	Ending Balance
Buildings	\$ 192,657	\$ -	\$ -	\$ 192,657
Equipment (NODA)	201,265	11,975	-	213,240
Equipment (Grants)	2,488,869	-	(397,081)	2,091,788
Equipment (NODA NET)	252,744	4,500	-	257,244
Total cost of equipment	\$ 3,135,535	\$ 16,475	\$ (397,081)	\$ 2,754,929

Accumulated Depreciation	Beginning Balance	Additions	Retirements	Ending Balance
Buildings	\$ 66,941	\$ 4,816	\$ 0	\$ 71,757
Equipment (NODA)	143,855	38,557	0	182,412
Equipment (Grants)	1,552,451	270,651	(397,081)	1,426,021
Equipment (NODA NET)	198,030	37,694	0	235,724
Total cost of equipment	\$ 1,961,277	\$ 351,718	\$ (397,081)	\$ 1,915,914

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. INTER-FUND TRANSFERS

Presented below is a summary of inter-fund transfers for the year:

	FROM	TO
Federal EDA	\$ -	\$ 64,615
Rural Fire	-	32,286
Oklahoma Department of Commerce	-	40,422
General Fund	190,149	4,020
EDA Revolving Fund	7,576	-
Bio hazard	-	19,335
NODA.net	-	-
Other Governmental Funds	-	19,905
Assistance to the Elderly	-	17,142
Total	\$ 197,725	\$ 197,725

NORTHERN OKLAHOMA DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

6. DEFERRED REVENUE

For certain grants and contract, 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.

7 EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 28, 2012, the date which the financial statements were available to be issued with none found.

NORTHERN OKLAHOMA DEVELOPMENT AUTHORITY
BALANCE SHEET - PROPRIETARY FUNDS
June 30, 2011

Rural Area General Fund		Agency on Aging	Dept of Transpor- tation	Economic Action Plan	Economic Develop- ment Revolving Loan Fund	Biohazard	NODA.Net	Other Funds	Total Funds
ASSETS									
Cash and cash equivalents	\$ 456,980	\$ -	\$ 300	\$ -	\$ -	\$ -	\$ 114,189	\$ -	\$ 571,469
Cash - restricted	-	-	-	1,815,344	49,987	-	-	-	1,865,331
Receivables, net of allowances for uncollectible accounts:									-
Accounts receivables	333,999	-	-	-	-	-	-	-	333,999
Grants receivables	37,750	514,461	92,992	103,338	236,750	-	-	188,455	1,173,746
Notes receivable	-	-	-	-	203,441	-	-	-	203,441
Prepaid expenses	37,613	-	-	-	-	-	-	-	37,613
Due from other funds	1,283,195	-	-	-	-	-	-	13,386	1,296,581
Total assets	2,149,537	514,461	93,292	1,918,682	490,178	-	114,189	201,841	5,482,180
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	8,559	10,432	22,914	-	-	-	646	4,292	46,843
Accrued vacation payable	14,509	6,639	13,319	-	-	-	1,303	12,659	48,429
Accrued liabilities	86,276	-	-	-	-	-	442	391	87,109
Due to other funds	223,199	189,043	192,590	-	49,012	-	589,850	52,887	1,296,581
Deferred revenue	249,866	-	48,562	35,081	152,104	-	-	131,612	617,225
Pass-thru payable	301,082	308,347	-	1,883,601	285,585	-	-	-	2,778,615
Total liabilities	883,491	514,461	277,385	1,918,682	486,701	-	592,241	201,841	4,874,802
Fund balances:									
Reserved	-	-	-	-	-	-	-	-	-
Unreserved	1,266,046	-	(184,093)	-	3,477	-	(478,052)	-	607,378
Total fund balances	1,266,046	-	(184,093)	-	3,477	-	(478,052)	-	607,378
Total liabilities and fund balances	\$ 2,149,537	\$ 514,461	\$ 93,292	\$ 1,918,682	\$ 490,178	\$ -	\$ 114,189	\$ 201,841	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets activity	839,015
Net assets of proprietary activities	\$ 1,446,393

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

NORTHERN OKLAHOMA DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2011

	General Fund	Area Agency on Aging	Dept of Transportation	Rural Economic Action Plan	Economic Development Revolving Loan Fund	Biohazard	NODA.Net	Other Funds	Total Funds
Revenues:									
Federal and state grants	\$ 311,914	\$ 1,305,859	\$ 347,145	\$ 1,277,530	\$ -	\$ -	\$ -	\$ 517,718	\$ 3,760,166
Dues, interest, and other income	672,942	14,653	999,352	-	7,576	-	106,904	328	1,801,755
Total revenue	984,856	1,320,512	1,346,497	1,277,530	7,576	-	106,904	518,046	5,561,921
Expenditures:									
Salaries and fringe benefits	509,769	199,082	823,799	-	-	-	36,955	345,258	1,914,863
Postage and supplies	19,295	5,420	4,149	-	-	-	10,932	4,471	44,267
Travel and training	16,506	11,745	1,369	-	-	-	698	12,633	42,951
Allocated indirect costs	20,384	44,486	226,103	-	-	-	8,460	80,097	379,530
Occupancy and other	5,582	4,859	6,508	-	-	-	499	4,574	22,022
Telephone, internet, computer	8,350	2,278	22,051	-	-	-	31,457	4,183	68,319
Repairs and maintenance	26,997	233	40,255	-	-	-	5,977	1,576	75,038
Other expenses	46,018	6,822	233,813	-	-	-	13,930	19,100	319,683
Capital expenditures	12,165	-	-	-	-	-	1,423	-	13,588
Direct program costs	-	-	-	-	-	-	-	54,027	54,027
Passed-through funds	-	1,062,729	-	1,277,530	-	-	-	149,355	2,489,614
Total expenditures	665,066	1,337,654	1,358,047	1,277,530	-	-	110,331	675,274	5,423,902
Excess (deficiency) of revenues over expenditures	319,790	(17,142)	(11,550)	-	7,576	-	(3,427)	(157,228)	138,019
Other financing sources (uses):									
Transfers in	4,020	17,142	-	-	-	19,335	-	157,224	197,721
Transfers out	(190,149)	-	-	-	(7,576)	-	-	4	(197,721)
Total other financing sources (uses)	(186,129)	17,142	-	-	(7,576)	19,335	-	157,228	-
Net change in fund balances	133,661	-	(11,550)	-	-	19,335	(3,427)	-	138,019
Fund balances - beginning of year	1,132,385	-	(172,543)	-	3,477	(19,335)	(474,625)	-	469,359
Fund balances - end of year	\$ 1,266,046	\$ -	\$ (184,093)	\$ -	\$ 3,477	\$ -	\$ (478,052)	\$ -	\$ 607,378

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

**NORTHERN OKLAHOMA DEVELOPMENT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	YR	FEDERAL CFDA NUMBER	FEDERAL CFDA TITLE	PASS-THROUGH GRANTOR'S NUMBER	EXPEND- ITURES
<u>US Department of Health and Human Services</u>					
Oklahoma Department of Human Services					
Grants to Supportive Services & Senior Centers	2011	93.044	Title IIIB	45050123	204,241
Nutrition Services	2011	93.045	Title IIIC	45050123	400,064
In-Home Services for Frail Older Individuals	2011	93.043	Title IIID	45050123	11,910
Disease Prevention & Health Promotion Services	2011	93.052	Title IIIE	45050123	88,813
Programs for Prevention of Elder Abuse, Neglect and Exploitation	2011	93.041	Title VII	45050123	2,948
Total Department of Health and Human Services					<u>\$ 707,976</u>
<u>US Department of Agriculture</u>					
Oklahoma Dept. of Human Services Food Distribution	2011	93.053	NSIP Cash	45050123	135,027
Total Department of Agriculture					<u>\$ 135,027</u>
<u>US Department of Commerce</u>					
Economic Development District Planning Investment	2011	11.302	E.D.A.	08-83-04534	60,000
Total Department of Commerce					<u>\$ 60,000</u>
<u>US Department of Transportation</u>					
Formula Grants for Other than Urbanized Areas	2011	20.509	5311		369,104
Total Dept. of Transportation					<u>\$ 369,104</u>
TOTAL FEDERAL AWARDS					<u><u>\$ 1,272,107</u></u>

NORTHERN OKLAHOMA DEVELOPMENT AUTHORITY
Notes to the Schedule of Federal Financial Assistance
For the Year Ended June 30, 2011

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:

Subrecipient	Federal Pass-Through Grant Amount
Wheatheart Legal Aid Services of Oklahoma	\$514,332 23,000
Totals	<hr/> <hr/> \$537,332

**NORTHERN OKLAHOMA DEVELOPMENT AUTHORITY
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

PASS-THROUGH GRANTOR/ PROGRAM TITLE	YR	FEDERAL CFDA NUMBER	FEDERAL CFDA TITLE	PASS-THROUGH GRANTOR'S NUMBER	EXPENDITURES
<u>Oklahoma Department of Human Services</u>	2011	93.044	Title IIIB		54,893
	2011	93.045	Title IIIC		585,886
	2011	93.044	Title IIID		2,603
	2011	93.045	Title IIIE		36,130
	2011	93.043	Title VII		587
	2011		State Omsbudman Provider		43,348
Total Oklahoma Department of Human Services					<u>\$ 723,447</u>
<u>Oklahoma Department of Commerce</u>					
Substate Planning District	2011			12760 SS 11	36,364
State Appointed Funds for Community Expansion	2011			12824 CENA 11	167,527
					<u>0</u>
Total Oklahoma Department of Commerce					<u>\$ 203,891</u>
<u>Oklahoma Department of Agriculture</u>					
Rural Fire Defense	2011				<u>70,000</u>
Total Oklahoma Department of Agriculture					<u>\$ 70,000</u>
<u>Oklahoma State Auditor and Inspector</u>					
Rural Economic Action Plan	2011	13453REAP10		11 REAP Fund	1,240,050
	2011			10 REAP Fund	504,258
	2011			09 REAP Fund	113,888
(NOTE 1)	2011			08 REAP Fund	95,242
	2011			07 REAP Fund	3,115
	2011			REAP Interest	35,081
Total Oklahoma State Auditor and Inspector					<u>\$ 1,991,634</u>
<u>Oklahoma Department of Transportation</u>					
Revolving Fund	2011				<u>200,793</u>
Total Oklahoma Department of Transportation					<u>\$ 200,793</u>
TOTAL STATE AWARDS					<u><u>\$ 3,189,765</u></u>

NOTE 1 - All state funds have been obligated by NODA to subgrantees. The amounts included in this schedule include only amounts drawn by subgrantees for completed and documented activities. Subgrantees that do not ultimately use all of their obligated funds will have the unused portions reobligated to other subgrantees.

NORTHERN OKLAHOMA DEVELOPMENT AUTHORITY
Notes to the Schedule of Oklahoma Financial Assistance
For the Year Ended June 30, 2011

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:

Subrecipient	State Pass-Through Grant Amount
Wheatheart	\$574,132
Legal Aid Services of Oklahoma	4,500
Total	\$578,632



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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

We have audited the financial statements of Northern Oklahoma Development Authority as of and for the year ended June 30, 2011, and have issued our report thereon dated September 28, 2012. 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 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 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 above. However, we identified a certain deficiency in internal control over

financial reporting, described in the accompanying schedule of findings and responses as 2011-1 that we consider to be a significant deficiency in internal control over financial reporting. 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.

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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings and responses as 2011-1.

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.
September 28, 2012



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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 Association's major federal programs for the year ended June 30, 2011. 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 Northern Oklahoma Development Authority complied, in all material respects, with the 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, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and responses as item 2011-1.

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 an 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 control 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 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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and responses as item 2011-1. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Northern Oklahoma Development Authority's responses to the finding identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Authority's responses and, accordingly, we express no opinion on the responses.

Schedule of Expenditures of Federal Award

We have audited the basic financial statements of Northern Oklahoma Development Authority as of and for the year ended June 30, 2011, and have issued our report thereon dated September 28, 2012. Our audit was performed for the purpose of forming an opinion on the basic 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, 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 Board of Directors, management, 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
September 28, 2012

**THE NORTHERN OKLAHOMA DEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED
COSTS June 30, 2011**

STATUS OF PRIOR YEAR FINANCIAL STATEMENT AUDIT FINDINGS AND QUESTIONED COSTS

The June 30, 2010 audit financial statements included a finding related to timely filing of the annual audited financial reports. Again this year the same failure to file annual financial reports occurred.

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	NO
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	Yes
Noncompliance material to financial statements noted?	Yes

Federal Awards and State Awards:

Internal control over major programs:	
Material weakness(es) identified?	NO
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	NO
Noncompliance material to financial statements noted?	NO
Type of auditor's 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	NO

Identification of major programs:

Federal Awards	
CFDA#	<u>Name of Federal Program or Cluster</u>
93.041-93.052 cluster	Area on Aging
20.509	Formula Grants for Other than Urbanized Areas

State Awards	
REAP	Rural Economic Action Plan

Dollar threshold used to distinguish Between Type A and Type B programs:	\$300,000
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Auditee qualified as low-risk auditee?	NO
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SECTION II – SUMMARY OF CURRENT YEAR FINANCIAL STATEMENT AUDIT FINDINGS

2011-1 – Audited Financial Statements

Condition: Annual audited financial reports were not filed with the grantor agencies and Federal Audit Clearing House by the due dates.

Criteria: Annual audited financial reports are, per the AAA contract, required to be filed with the Oklahoma Department of Human Services within 150 days of yearend. Reports are required, under Federal regulations, to be filed with the Federal Audit Clearing House within 9 months of yearend.

Cause: The June 30, 2010 annual audited financial reports were not completed and filed until November 17, 2011. The June 30, 2009 auditors were no longer on the Oklahoma approved auditor list and could not be used for the June 30, 2010 audit services. The Authority did not find out about the need for a change in auditors until several months after yearend and had difficulty procuring new auditors. The change in auditors and the late issuance of the June 30, 2010 audit did not allow enough time for the Authority to obtain and file the June 30, 2011 audited financial statements by the due dates.

Effect: Because the annual audited financial reports were not filed on time the Authority cannot be considered a low risk auditee. Additional audit testing is required for subsequent audits due to the Authority's high risk designation. Some of the Authority's funding is being held by the grantor pending receipt of the required filing.

Recommendation: The Authority should adopt procedures related to yearend closing of the books and obtaining audit services that will allow annual audited financial reports to be filed on time.

View of Responsible Officials and Planned Corrective Actions: The Authority is in the process of changing accounting software which should allow the Authority's personnel to adopt new procedures for yearend closing of the books. The Authority has already changed auditors and believes the audit reports for June 30, 2012 will be available by the due dates called for in both the grantor contracts and federal regulations.