

**McCURTAIN COUNTY PUBLIC HEALTH
MANAGEMENT AUTHORITY**

Idabel, Oklahoma

(A Component Unit of McCurtain County, Oklahoma)

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

For the Year Ended June 30, 2011

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McCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
Idabel, Oklahoma

(A Component Unit of McCurtain County, Oklahoma)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
McCurtain County Public Health Management Authority
Idabel, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the McCurtain County Public Health Management Authority, a component unit of McCurtain County, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the McCurtain County Public Health Management Authority, a component unit of McCurtain County, Oklahoma's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the McCurtain County Public Health Management 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. 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 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 the governmental activities, the business-type activities, and each major fund of the McCurtain County Public Health Management Authority, a component unit of McCurtain County, Oklahoma as of June 30, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8, 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 supplementary 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 opinions on the financial statements that collectively comprise the financial statements of McCurtain County Public Health Management Authority, a component unit of McCurtain County, Oklahoma as a whole. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Saunders & Associates, PLLC
SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants

May 1, 2012

McCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
Idabel, Oklahoma

(A Component Unit of McCurtain County, Oklahoma)

June 30, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

(UNAUDITED)

Our discussion and analysis of the financial performance of McCurtain County Public Health Management Authority, a component unit of McCurtain County, Oklahoma, provides an overview of the Authority's activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the Authority's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

The following represent the more significant highlights of the Authority's financial activity for the year.

- Sales tax receipts totaled \$1,345,035 and were consistent with the prior year, increasing only \$5,976. Sales taxes comprised 98.5% of total revenues received by solid waste and 65% of total revenues for all activities of the Authority.
- Expenditures for solid waste operations increased \$28,165 in fiscal year 2011 and equaled \$1,332,038. The increase was due primarily to an increase in capital outlay costs.
- Net assets of the solid waste operations increased \$34,122 for the year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 9 and 10) provide information about the activities of the Authority as a whole and present a longer-term view of the Authority's finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Authority's operations in more detail than the government-wide statements by providing information about the Authority's significant funds.

REPORTING THE AUTHORITY AS A WHOLE

The Statement of Net Assets and the Statement of Activities report information about the Authority as a whole and about its activities in a way that helps the user determine whether the Authority is better off or worse off as a result of the year's activity. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

- Revenues from tipping fees at the landfill decreased by \$139,968 (17%) and equaled \$721,548.
- Landfill expenses increased \$843,804 over the prior year (\$1,303,749 in 2011 vs. \$459,945 in 2010). The majority of this increase is due to a current year accrual in the amount of \$796,474 for closure and post-closure costs at the landfill. This significant adjustment is the result of revised site capacity calculations. The balance of the increase, \$47,330, is the result of increased operating costs.

McCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
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June 30, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

(UNAUDITED)

These two statements report the Authority's *net assets* and changes in them. You can think of the Authority's net assets – the difference between assets and liabilities – as one way to measure its financial health, or *financial position*. Over time, *increases* and *decreases* in the Authority'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 economic conditions that effect sales tax collection, age and condition of equipment, federal and state environmental regulations, and current or proposed plans for expansion.

In the Statement of Net Assets and the Statement of Activities, we divide the Authority into two (2) kinds of activities:

- *Governmental funds* – The Authority's solid waste services are reported in a governmental fund, which focuses on how money flows into and out of the fund and the balance left at year-end that is available for spending. This fund is reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Authority's solid waste operations. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance operations. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements. These operations are funded primarily by a permanent one-half cent sales tax.
- *Proprietary funds* – When the Authority charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Authority's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

McCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
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June 30, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

(UNAUDITED)

NET ASSETS

The analysis below focuses on net assets and changes in net assets of the Authority's governmental and business-type activities.

NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current & Other Assets	\$ 368,617	\$ 322,142	\$ 936,163	\$ 918,606	\$ 1,304,780	\$ 1,240,748
Capital Assets, Net	<u>625,817</u>	<u>672,291</u>	<u>1,588,182</u>	<u>1,600,927</u>	<u>2,213,999</u>	<u>2,273,218</u>
Total Assets	<u>994,434</u>	<u>994,433</u>	<u>2,524,345</u>	<u>2,519,533</u>	<u>3,518,779</u>	<u>3,513,966</u>
Long-Term Debt	118,204	153,435	1,499,671	1,678,590	1,617,875	1,832,025
Other Liabilities	<u>35,414</u>	<u>34,304</u>	<u>1,052,443</u>	<u>286,856</u>	<u>1,087,857</u>	<u>321,160</u>
Total Liabilities	<u>153,618</u>	<u>187,739</u>	<u>2,552,114</u>	<u>1,965,446</u>	<u>2,705,732</u>	<u>2,153,185</u>
Net Assets:						
Invested in Capital Assets, Net of Debt	472,382	485,672	331,452	203,894	803,834	689,566
Restricted	0	0	(678,712)	255,651	(678,712)	255,651
Unrestricted (Deficit)	<u>368,434</u>	<u>321,022</u>	<u>319,491</u>	<u>94,542</u>	<u>687,925</u>	<u>415,564</u>
Total Net Assets	<u>\$ 840,816</u>	<u>\$ 806,694</u>	<u>\$ (27,769)</u>	<u>\$ 554,087</u>	<u>\$ 813,047</u>	<u>\$ 1,360,781</u>

Total net assets of the Authority's governmental activities increased by \$34,122 over the prior year.

Unrestricted net assets of our government activities, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements, increased \$47,412 from the prior year.

Unrestricted net assets of our business-type activities had a significant increase this year which equaled \$224,949.

Governmental activities unrestricted cash increased by \$53,456 while business-type activities saw a decrease of \$86,221.

McCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
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June 30, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

(UNAUDITED)

CHANGE IN NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
General Revenues:						
Sales Taxes	\$ 1,345,035	\$ 1,339,059	\$ 0	\$ 0	\$ 1,345,035	\$ 1,339,059
Recycling/Tipping Fees	12,263	11,303	0	0	12,263	11,303
Interest	2,110	894	345	0	2,455	894
Other General Revenues	6,752	6,559	0	0	6,752	6,559
Program Revenues:						
Charges for Services	<u>0</u>	<u>0</u>	<u>721,548</u>	<u>861,516</u>	<u>721,548</u>	<u>861,516</u>
Total Revenues	<u>1,366,160</u>	<u>1,357,815</u>	<u>721,893</u>	<u>861,516</u>	<u>2,088,053</u>	<u>2,219,331</u>
Program Expenses						
Personal Services	753,186	757,681	0	0	753,186	757,681
Maintenance and Operation	319,769	410,828	273,446	191,612	593,215	602,440
Tipping Fees	158,575	179,338	0	0	158,575	179,338
Capital Outlay	100,508	12,356	0	0	100,508	12,356
Testing and Fees	0	0	39,322	77,363	39,322	77,363
Closure/Post-Closure Costs	0	0	796,474	0	796,474	0
Depreciation	0	0	87,745	81,910	87,745	81,910
Interest	<u>0</u>	<u>0</u>	<u>106,762</u>	<u>109,060</u>	<u>106,762</u>	<u>109,060</u>
Total Expenses	<u>1,332,038</u>	<u>1,360,203</u>	<u>1,303,749</u>	<u>459,945</u>	<u>2,635,787</u>	<u>1,820,148</u>
Increase (Decrease) in Net Assets	\$ <u>34,122</u>	\$ <u>(2,388)</u>	\$ <u>(581,856)</u>	\$ <u>401,571</u>	\$ <u>(547,734)</u>	\$ <u>399,183</u>

The Authority's total revenues decreased \$131,278 (6%). The total cost of all operations increased \$815,639 (44.8%).

GOVERNMENTAL ACTIVITIES

Total revenues for governmental activities (solid waste operations) remained steady and increased \$8,345 (1%). Expenses decreased \$28,165 due primarily to savings in operating costs and a reduction in tipping fees paid.

BUSINESS-TYPE ACTIVITIES

Revenues of our business-type activities (the landfill) decreased \$139,623 (17%). Expenditures at the landfill increased \$843,804 (from \$459,945 to \$1,303,749). As previously discussed, the reason for the significant increase is due to an adjustment to the accrual for landfill closure and post-closure costs.

McCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
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(A Component Unit of McCurtain County, Oklahoma)

June 30, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

(UNAUDITED)

CAPITAL ASSETS

Capital assets represent buildings and equipment used by the Authority to fulfill its mission of operating facilities to provide for the proper disposal of solid waste in the McCurtain County area.

CAPITAL ASSETS AT YEAR END

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land/Landfill	\$ 115,949	\$ 115,949	\$ 1,383,391	\$ 1,383,391	\$ 1,499,340	\$ 1,499,340
Buildings	432,142	432,142	0	0	432,142	432,142
Furniture and Equipment	1,368,244	1,366,292	597,928	522,928	1,966,172	1,889,220
Greenbox Equip. & Sites	<u>379,434</u>	<u>339,883</u>	<u>0</u>	<u>0</u>	<u>379,434</u>	<u>339,883</u>
Total	<u>\$ 2,295,769</u>	<u>\$ 2,254,266</u>	<u>\$ 1,981,319</u>	<u>\$ 1,906,319</u>	<u>\$ 4,277,088</u>	<u>\$ 4,160,585</u>
Accumulated Depreciation	<u>\$ 1,669,952</u>	<u>\$ 1,581,975</u>	<u>\$ 393,137</u>	<u>\$ 305,392</u>	<u>\$ 2,063,089</u>	<u>\$ 1,887,367</u>

Significant additions this year consisted of purchase of a bulldozer and 3 used trucks.

OUTSTANDING DEBT

At June 30, 2011, the Authority had outstanding debt of \$1,653,106, a net decrease of \$212,103. Long-term debt is discussed in detail at Note 6 to the financial statements.

OUTSTANDING DEBT AT YEAR END

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenue bonds and notes (backed by specific revenues)	\$ 0	\$ 0	\$ 1,417,840	\$ 1,510,333	1,417,840	\$ 1,510,333
Capital Leases	<u>153,435</u>	<u>186,619</u>	<u>81,831</u>	<u>168,257</u>	<u>235,266</u>	<u>354,876</u>
Totals	<u>\$ 153,435</u>	<u>\$ 186,619</u>	<u>\$ 1,499,671</u>	<u>\$ 1,678,590</u>	<u>\$ 1,653,106</u>	<u>\$ 1,865,209</u>

ECONOMIC FACTORS AND NEXT YEAR'S PLANS

As previously noted, sales tax collections, the Authority's primary source of funding, increased slightly over the prior year. We are optimistic that collections will continue to increase. We are continuing in our efforts to obtain contracts from surrounding areas for use of the new landfill. Management constantly strives to find new areas of cost reduction and increased efficiency of operation. We also continue to increase and improve greenbox sites throughout the county.

McCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
Idabel, Oklahoma

(A Component Unit of McCurtain County, Oklahoma)

June 30, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

(UNAUDITED)

CONTACTING THE AUTHORITY'S MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact James Womack, Manager, at P. O. Box 653, Idabel, OK 74745.

BASIC FINANCIAL STATEMENTS

McCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
Idabel, Oklahoma

(A Component Unit of McCurtain County, Oklahoma)

STATEMENT OF NET ASSETS

June 30, 2011

	Governmental	Business-Type	Total
	Activities	Activities	
	Solid Waste	Landfill	
ASSETS:			
Current Assets			
Cash and Cash Equivalents	\$ 250,335	\$ 220,998	\$ 471,333
Accounts Receivable: Sales Tax	118,282	0	118,282
Other	0	133,794	133,794
Prepaid Expenses	0	19,618	19,618
Total Current Assets	<u>368,617</u>	<u>374,410</u>	<u>743,027</u>
Noncurrent Assets			
Restricted Assets:			
Cash - Reserved for Closure/Postclosure Costs	0	335,110	335,110
Deferred Expenses - Unamortized Debt Refinance Costs	0	226,643	226,643
Capital Assets, (Net of Accumulated Depreciation)	<u>625,817</u>	<u>1,588,182</u>	<u>2,213,999</u>
Total Noncurrent Assets	<u>625,817</u>	<u>2,149,935</u>	<u>2,775,752</u>
Total Assets	<u>994,434</u>	<u>2,524,345</u>	<u>3,518,779</u>
LIABILITIES:			
Current Liabilities			
Accounts Payable	183	38,621	38,804
Lease Payable - Current Portion	35,231	81,831	117,062
Note Payable - Current Portion	0	283,466	283,466
Total Current Liabilities	<u>35,414</u>	<u>403,918</u>	<u>439,332</u>
Noncurrent Liabilities			
Long-term Debt - Noncurrent Portion	118,204	1,134,374	1,252,578
Accrued Liability for Landfill Closure/Postclosure Costs	0	1,013,822	1,013,822
Total Noncurrent Liabilities	<u>118,204</u>	<u>2,148,196</u>	<u>2,266,400</u>
Total Liabilities	<u>153,618</u>	<u>2,552,114</u>	<u>2,705,732</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	472,382	331,452	803,834
Restricted for:			
Landfill Closure/Postclosure	0	(678,712)	(678,712)
Unrestricted	<u>368,434</u>	<u>319,491</u>	<u>687,925</u>
Total Net Assets	<u>\$ 840,816</u>	<u>\$ (27,769)</u>	<u>\$ 813,047</u>

* The accompanying notes are an integral part of the financial statements.

McCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
Idabel, Oklahoma

(A Component Unit of McCurtain County, Oklahoma)

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2011

Program Activities	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets	
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
Governmental Activities:					
Public Services					
Solid Waste Management	\$ 1,332,038	\$ 12,263	\$ 0	\$ 0	\$ (1,319,775)
Total Governmental Activities	1,332,038	12,263	0	0	(1,319,775)
Business-type Activities					
Landfill	1,303,749	721,548	0	0	(582,201)
Total Business-type Activities	1,303,749	721,548	0	0	(582,201)
Total Government	\$ 2,635,787	\$ 733,811	\$ 0	\$ 0	(1,901,976)
General Revenues:					
Taxes:					
Sales		1,345,035			1,345,035
Interest Earnings		2,110			2,455
Miscellaneous		6,752			6,752
Total General Revenues and Transfers		1,353,897		345	1,354,242
Change in Net Assets		34,122		(581,856)	(547,734)
Net Assets at Beginning of Year		806,694		554,087	1,360,781
Net Assets at End of Year		\$ 840,816		\$ (27,769)	\$ 813,047

* The accompanying notes are an integral part of the financial statements.

McCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
Idabel, Oklahoma

(A Component Unit of McCurtain County, Oklahoma)

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2011

	<u>Solid Waste</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 250,335	\$ 250,335
Accounts Receivable: Sales Tax	118,282	118,282
Other	0	0
Prepaid Expenses	<u>0</u>	<u>0</u>
TOTAL ASSETS	\$ <u>368,617</u>	\$ <u>368,617</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 183	\$ 183
Total Liabilities	<u>183</u>	<u>183</u>
<u>Fund Balance</u>		
Fund Balance:		
Unassigned	<u>368,434</u>	<u>368,434</u>
Total Fund Balance	<u>368,434</u>	<u>368,434</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>368,617</u>	\$ <u>368,617</u>

* The accompanying notes are an integral part of the financial statements.

McCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
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(A Component Unit of McCurtain County, Oklahoma)

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET ASSETS

June 30, 2011

Total Fund Balance - Total Governmental Funds	\$ 368,434
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Land and capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. This amount represents capital assets (\$2,295,769) net of related depreciation (\$1,669,952).	625,817
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
Capital Lease Payable	<u>(153,435)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 840,816</u>

* The accompanying notes are an integral part of the financial statements.

McCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
Idabel, Oklahoma

(A Component Unit of McCurtain County, Oklahoma)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2011

	<u>Solid Waste</u>	<u>Total Governmental Funds</u>
<u>REVENUES:</u>		
Sales tax	\$ 1,345,035	\$ 1,345,035
Interest	2,110	2,110
Recycling	7,525	7,525
Tipping Fees	4,738	4,738
Other	<u>6,752</u>	<u>6,752</u>
Total Revenues	<u>1,366,160</u>	<u>1,366,160</u>
<u>EXPENDITURES:</u>		
Personnel Services	753,186	753,186
Maintenance and Operation	319,769	319,769
Tipping Fees	158,575	158,575
Capital Outlay	<u>87,218</u>	<u>87,218</u>
Total Expenditures	<u>1,318,748</u>	<u>1,318,748</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	47,412	47,412
<u>OTHER FINANCING SOURCES (USES)</u>		
Loan Proceeds	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>
Net Change in Fund Balance	47,412	47,412
Fund Balance - Beginning of Year	<u>321,022</u>	<u>321,022</u>
FUND BALANCE, END OF YEAR	<u>\$ 368,434</u>	<u>\$ 368,434</u>

* The accompanying notes are an integral part of the financial statements.

McCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
Idabel, Oklahoma

(A Component Unit of McCurtain County, Oklahoma)

Reconciliation of the Statement of Revenues, Expenses, and
Changes in Fund Balance of Governmental Funds to the
Statement of Activities

For the Year Ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds	\$ 47,412
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Depreciation expense on capital assets is reported in the statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds.	(90,214)
Capital asset acquisitions are reported in the government-wide financial statements as a use of current financial resources and expensed. Such acquisitions are current year acquisitions and are capitalized in the government-wide financial statements and depreciated over their estimated useful lives. This is the amount of capital asset acquisitions in the current fiscal year which consist of:	
Equipment	43,740
Principal payments on capital lease	<u>33,184</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u>34,122</u>

* The accompanying notes are an integral part of the financial statements.

McCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
Idabel, Oklahoma

(A Component Unit of McCurtain County, Oklahoma)

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2011

	Enterprise Funds		Total
	Landfill		
ASSETS:			
Current Assets			
Cash and Cash Equivalents	\$ 220,998	\$	220,998
Accounts Receivable: Sales Tax	0		0
Other	133,794		133,794
Prepaid Expenses	19,618		19,618
Total Current Assets	<u>374,410</u>		<u>374,410</u>
Noncurrent Assets			
Restricted Assets:			
Reserved for Closure/Postclosure Costs	335,110		335,110
Deferred Expense - Unamortized Debt Refinance Costs	226,643		0
Capital Assets, (Net of Accumulated Depreciation.)	1,588,182		1,588,182
Total Noncurrent Assets	<u>2,149,935</u>		<u>2,149,935</u>
Total Assets	<u>2,524,345</u>		<u>2,524,345</u>
LIABILITIES:			
Current Liabilities			
Accounts Payable	38,621		38,621
Lease Payable - Current Portion	81,831		81,831
Long-term Debt - Current Portion	283,466		283,466
Total Current Liabilities	<u>403,918</u>		<u>403,918</u>
Noncurrent Liabilities			
Long-term Debt - Noncurrent Portion	1,134,374		1,134,374
Accrued Liability for Landfill Closure/Postclosure Costs	1,013,822		1,013,822
Total Noncurrent Liabilities	<u>2,148,196</u>		<u>2,148,196</u>
Total Liabilities	<u>2,552,114</u>		<u>2,552,114</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	331,452		331,452
Restricted for:			
Landfill Closure/Postclosure	(678,712)		(678,712)
Unrestricted	<u>319,491</u>		<u>319,491</u>
TOTAL NET ASSETS	<u>\$ (27,769)</u>	\$	<u>(27,769)</u>

* The accompanying notes are an integral part of the financial statements.

McCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
Idabel, Oklahoma

(A Component Unit of McCurtain County, Oklahoma)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

For the Year Ended June 30, 2011

	Enterprise Funds <u>Landfill</u>	Total Enterprise Funds <u>Funds</u>
<u>Operating Revenues:</u>		
Charges for Services	\$ 721,548	\$ 721,548
Other	0	0
Total Revenues	<u>721,548</u>	<u>721,548</u>
<u>Operating Expenses:</u>		
Personnel Services	0	0
Maintenance and Operation	273,446	273,446
Testing and Fees	39,322	39,322
Landfill Closure & Post-Closure	796,474	796,474
Depreciation	87,745	87,745
Total Expenditures	<u>1,196,987</u>	<u>1,196,987</u>
Income (Loss) from Operations	<u>(475,439)</u>	<u>(475,439)</u>
<u>Nonoperating Revenues (Expenses):</u>		
Interest Revenue	345	345
Interest Expense	<u>(106,762)</u>	<u>(106,762)</u>
Total Nonoperating Revenues (Expenses)	<u>(106,417)</u>	<u>(106,417)</u>
Change in Net Assets	(581,856)	(581,856)
Net Assets at Beginning of Year	<u>554,087</u>	<u>554,087</u>
NET ASSETS AT END OF YEAR	<u>\$ (27,769)</u>	<u>\$ (27,769)</u>

* The accompanying notes are an integral part of the financial statements.

McCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
 Idabel, Oklahoma
 (A Component Unit of McCurtain County, Oklahoma)

STATEMENT OF CASH FLOWS
 Proprietary Funds

For the Year Ended June 30, 2011

<u>Cash Flows From Operating Activities:</u>	
Cash Received for Services	\$ 681,805
Cash Payments to Vendors and Suppliers	<u>(328,231)</u>
Net Cash Provided (Used) by Operating Activities	<u>353,574</u>
 <u>Cash Flows From Noncapital Financing Activities:</u>	
Transfers from other funds	<u>0</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>0</u>
 <u>Cash Flows From Capital and Related Financing Activities:</u>	
Acquisition and Construction of Capital Assets	(75,000)
Proceeds From Long-Term Debt	0
Interest Expense	(106,762)
Retirement of Debt Principal	<u>(178,919)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(360,681)</u>
 <u>Cash Flow From Investing Activities:</u>	
Interest Earnings	<u>345</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,762)
Cash and Cash Equivalents, June 30, 2010	<u>562,870</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2011	<u>\$ 556,108</u>
 <u>Reconciliation of Income (Loss) From Operations to Net Cash Provided (Used) by Operating Activities:</u>	
Income (Loss) From Operations	\$ (475,439)
Adjustments to Reconcile Income (Loss) From Operations to Net Cash Provided (Used) by Operating Activities:	
Depreciation	87,745
Landfill Closure Cost Accrual	796,474
(Increase) Decrease in Current Year Receivables	(39,743)
(Increase) Decrease in Prepaid Expenses	723
Increase (Decrease) in Accounts Payable	(30,887)
Increase (Decrease) in Deferred Expenses	<u>14,701</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 353,574</u>
 <u>Reconciliation of Cash and Cash Equivalents</u>	
Current Assets - Cash	\$ 220,998
Restricted Assets - Cash	<u>335,110</u>
Total Cash and Cash Equivalents	<u>\$ 556,108</u>

* The accompanying notes are an integral part of the financial statements.

McCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
Idabel, Oklahoma

(A Component Unit of McCurtain County, Oklahoma)

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Authority'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 Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Authority has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Authority has chosen not to do so.

The more significant accounting policies established in GAAP and used by the Authority are discussed below.

A. Reporting Entity

The McCurtain County Public Health Management Authority, (the "Authority"), a component unit of McCurtain County, Oklahoma, is a public trust created pursuant to Title 60 of Oklahoma Statutes for the purpose of, among other things, acquiring, constructing and maintaining property and facilities for use as collection centers, maintenance centers, administration facilities, greenbox sites, transfer stations, recycling centers, or other facilities concerned with the management and proper disposal of solid waste in McCurtain County.

The Authority is governed by a Board of Trustees ("Board") comprised of three individuals appointed by the McCurtain County Commissioners. The County Clerk serves as Secretary of the Authority and the County Treasurer serves as Treasurer of the Authority.

The Board of Trustees annually appoints the Chairperson of the Board from existing board members. The Chair responsibilities are to preside at all meetings of the Board; be the chief officer of the Authority, perform all duties commonly incident to the position of presiding officer of a board, commission or business organization and exercise supervision over the business of the Authority, its officers, and employees.

The Board of Trustees appoints a Director. The position of the Director is a non-voting position on the Board, and the Director receives annual compensation for his duties. The compensation package of the Director is passed by resolution of the Board. The Director's main responsibility is acting as chief executive officer of the Authority as prescribed by the Board of Trustees.

Operation of the Authority is primarily through a permanent ½ cent sales tax dedicated to providing a solid waste facility. The Authority is a component unit of McCurtain County, which is the Trust beneficiary and exercises oversight authority over activities of the Trust.

McCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
Idabel, Oklahoma

(A Component Unit of McCurtain County, Oklahoma)

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

B. Basic Financial Statements – Government-Wide Statements

The Authority's basic financial statements include both government-wide (reporting the Authority as a whole) and fund financial statements (reporting the Authority's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The activities of the solid waste facility are classified as a governmental activity. Activities related to the authority's landfill operations are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Authority's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Authority first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Authority's functions and business-type activities. The functions are also supported by general government revenues (sales taxes). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grant.

The net costs (by function or business-type activity) are normally covered by general revenue (sales taxes, interest income, etc).

The government-wide focus is more on the sustainability of the Authority as an entity and the change in the Authority's net assets resulting from the current year's activity.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Authority are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Authority maintains the following funds:

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

C. Basic Financial Statements – Fund Financial Statements, Continued

1. **Governmental Funds** – The focus of the governmental funds measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Authority has only one governmental fund which is used to account for activities related to handling of solid waste. The activity in this fund is reported as governmental activities in the government-wide financial statements.
2. **Proprietary Funds** – The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The Authority has one proprietary fund which is used to account for activities of its landfill and is an enterprise fund. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The activity in these funds is reported as business-type activities in the government-wide financial statements.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. **Accrual** – The government-wide statements and fund financial statements for proprietary funds are reported using the *accrual basis of accounting*. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized at the time the liability is incurred.
2. **Modified Accrual** – Governmental fund financial statements are reported using the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Authority considers sales taxes as available if they are collected within 30 days after year end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due. The revenue susceptible to accrual are sales taxes, charges for services, interest income, and intergovernmental revenues. All other governmental fund revenues are recognized when received.

McCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

NOTE 2: FINANCIAL STATEMENT AMOUNTS

A. Cash and Cash Equivalents

Governmental Activities:

Cash received by the Authority for its solid waste operations is pooled with that of the County. The Authority's equity interest in the pool is presented as "Cash and Cash Equivalents" on the statement of net assets and governmental fund balance sheet and equaled \$250,335 on June 30, 2011.

Business Type Activities:

Unrestricted – Cash received from landfill operations is held in a separate operating account and is not pooled with County funds. This amount is presented as "Cash and Cash Equivalents" on the government-wide and proprietary fund statement of net assets and equaled \$220,998 on June 30, 2011.

Restricted – The Authority's proprietary fund has also established a reserve account for accumulation of funds to meet landfill closure and post closure costs as required by federal and state regulatory bodies. This account had a balance of \$335,110 on June 30, 2011.

All deposits of the Authority were covered by depository insurance.

B. Receivables

Accounts receivable, reported by governmental activities, consist of June sales tax collections which were received by the Authority in July, 2011. Receivables reported by the business-type activities consist of tipping fees and are considered to be fully collectible.

C. Prepaid Items

Prepaid balances are for payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year. The reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures. These prepaid expenses are the result of insurance premiums paid in the current year on policies covering the subsequent year.

D. Accounts Payable

Account payable for governmental activities and business-type activities consist of amounts due to vendors.

E. Restricted Net Assets – Cash

As noted above, the Authority has established a reserve account for accumulation of funds to meet landfill closure and post-closure costs as required by federal and state regulatory bodies. The balance in this account at June 30, 2011 equaled \$335,110.

McCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

NOTE 2: FINANCIAL STATEMENT AMOUNTS, CONTINUED

F. Deferred Expenses

Deferred expenses in the amount of \$226,643 consist of unamortized costs related to refinancing of the promissory note described in Note 6. Total refinancing costs equaled \$249,920 and are being amortized over the 17 year life of the note. Current year amortization expense equaled \$14,701.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if purchased or constructed. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Renewals and betterments are capitalized.

Assets capitalized, not including infrastructure assets, have an original cost of \$300 or more and an estimated useful life exceeding one year. Depreciation has been calculated using the straight-line method. Estimated useful lives are as follows:

Furniture	5 – 10 Years
Equipment	7 – 25 Years
Landfill	30 Years

H. Compensated Absences

The Authority does not accrue a liability for compensated absences and management believes any liability resulting from earned and unpaid leave would not be material to the financial statements. Employees earn ten (10) days each of vacation and sick leave per year. Up to five (5) days vacation and ten (10) days of unused sick leave can be carried over to the next year on an individual basis.

I. Defining Operating Revenues and Expenses

The Authority's proprietary fund distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses consist of charges for services and the costs of providing those services, including depreciation. All other revenues and expenses are reported as non-operating.

McCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

NOTE 2: FINANCIAL STATEMENT AMOUNTS, CONTINUED

J. Government-wide and Proprietary Fund Net Assets

Government-wide and proprietary fund net assets are divided into three components:

- Invested and capital assets, net of related debt – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net assets - consist of net assets that are restricted by the Authority's creditors (for example, through debt covenants), by state enabling legislation, by grantors (both federal and state), or by other contributors.
- Unrestricted – all other net assets are reported in this category.

In the governmental fund financial statements, fund balances are classified as follows:

- **Nonspendable** – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- **Restricted** – Amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors.
- **Committed** – Amounts that can be used only for specific purposes determined by a formal action by Board resolution.
- **Assigned** – Amounts are designated by the Manager for a particular purpose but are not spendable until there is a majority vote approval by the Board of Directors.
- **Unassigned** – All amounts not included in other spendable classifications.

K. Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net assets), the Authority's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Authority's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

McCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

NOTE 2: FINANCIAL STATEMENT AMOUNTS, CONTINUED

L. Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

NOTE 3: ESTIMATES

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

NOTE 4: CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2011 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 115,949	\$ 0	\$ 0	\$ 115,949
Total Capital Assets Not Being Depreciated	<u>115,949</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 115,949</u>
Other Capital Assets:				
Buildings & Improvements	432,142	0	0	432,142
Furniture & Equipment	1,366,292	4,189	(2,237)	1,368,244
Greenbox Equipment & Sites	339,883	39,551	0	379,434
Total	<u>2,138,317</u>	<u>43,740</u>	<u>(2,237)</u>	<u>2,179,820</u>
Less Accumulated Depreciation for:				
Buildings & Improvements	(265,053)	(19,266)	0	(234,533)
Furniture & Equipment	(1,063,675)	(57,793)	2,237	(1,169,017)
Greenbox Equipment & Sites	(253,247)	(13,155)	0	(266,402)
Total Accumulated Depreciation	<u>(1,581,975)</u>	<u>(90,214)</u>	<u>2,237</u>	<u>(1,669,952)</u>
Other Capital Assets, Net	<u>556,342</u>	<u>(46,474)</u>	<u>0</u>	<u>509,868</u>
Governmental Activities Capital Assets, Net	<u>\$ 672,291</u>	<u>\$ 46,474</u>	<u>\$ 0</u>	<u>\$ 625,817</u>

McCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

NOTE 4: CAPITAL ASSETS, CONTINUED

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 0	\$ 0	\$ 0	\$ 0
Total Capital Assets Not Being Depreciated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other Capital Assets:				
Furniture & Equipment	522,928	75,000	0	597,928
Landfill	<u>1,383,391</u>	<u>0</u>	<u>0</u>	<u>1,383,391</u>
Total Other Capital Assets at Historical Costs	<u>1,906,319</u>	<u>75,000</u>	<u>0</u>	<u>1,981,319</u>
Less Accumulated Depreciation for:				
Furniture & Equipment	(120,940)	(41,632)	0	(162,572)
Landfill	<u>(184,452)</u>	<u>(46,113)</u>	<u>0</u>	<u>(230,565)</u>
Total Accumulated Depreciation	<u>(305,392)</u>	<u>(87,745)</u>	<u>0</u>	<u>(393,137)</u>
Other Capital Assets, Net	<u>1,600,927</u>	<u>(12,745)</u>	<u>0</u>	<u>1,588,182</u>
Business-type Activities Capital Assets, Net	<u>\$ 1,600,927</u>	<u>\$(12,745)</u>	<u>\$ 0</u>	<u>\$ 1,588,182</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:	
Solid Waste	\$ <u>90,214</u>
Business-type Activities	\$ <u>87,745</u>

NOTE 5: LANDFILL CLOSURE AND POSTCLOSURE COSTS

The Authority currently operates one active landfill site. State and federal laws and regulations require the Authority to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Authority reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$1,013,822 reported as landfill closure and postclosure care liability at June 30, 2011, represents the cumulative expenses reported to date based on the use of 73.6% of usage of the estimated capacity of operating Phases I and II of the landfill. The Authority will recognize the remaining estimated cost of closure and post-closure care of \$363,841 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2011. The Authority expects the landfill to have a remaining estimated useful life of approximately 22.5 months. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. This data is based on information provided by the Oklahoma Department of Environmental Quality and the Authority's contracted engineer. Estimates have been based on a study conducted in April 2012 as this study provided the most accurate information available. Amounts have been adjusted to reflect estimated capacity and life expectancy as of June 30, 2011.

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

NOTE 5: LANDFILL CLOSURE AND POSTCLOSURE COSTS, CONTINUED

The Authority is required by state and federal laws and regulations to make annual contributions to finance closure and postclosure care. The Authority is in compliance with these requirements, and, at June 30, 2011, \$355,110 was held for this purpose. These funds are reported as restricted assets on the Statement of Net Assets.

NOTE 6: LONG-TERM LIABILITIES

Long-term liability activity for the year ending June 30, 2011 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and Notes Payable:					
Promissory Notes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Liabilities:					
Capital Lease – Equipment	<u>186,619</u>	<u>0</u>	<u>(33,184)</u>	<u>153,435</u>	<u>35,231</u>
Governmental Activities Long-Term Liabilities	<u>\$ 186,619</u>	<u>\$ 0</u>	<u>\$ (33,184)</u>	<u>\$ 153,435</u>	<u>\$ 35,231</u>
Business-Type Activities					
Bonds and Notes Payable:					
Line of Credit	\$ 281,557	\$ 0	\$(46,657)	\$ 234,900	\$ 234,900
Promissory Note	<u>1,228,776</u>	<u>0</u>	<u>(45,836)</u>	<u>1,182,940</u>	<u>48,566</u>
Total Bonds and Notes Payable	1,510,333	0	(92,493)	1,417,840	283,466
Other Liabilities:					
Capital Lease - Equipment	<u>168,257</u>	<u>0</u>	<u>(86,426)</u>	<u>81,831</u>	<u>81,831</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 1,678,590</u>	<u>\$ 0</u>	<u>\$ (178,919)</u>	<u>\$ 1,499,671</u>	<u>\$ 365,297</u>

Governmental Activities debt will be liquidated using the Authority's sales tax revenues. Long-term liabilities of the business-type activities will be paid for using revenues derived from tipping fees and other miscellaneous revenues. Total interest expense reported for governmental funds equaled \$10,294 and \$106,762 for business-type activities.

Description of Debt

	<u>Balance 06/30/11</u>
Governmental Activities:	
Capital lease for equipment payable to Empire Financial Services, Inc. dated April 19, 2011 in the original amount of \$192,120. This is a 5 year lease and bears an interest rate of 4.99%.	<u>\$ 153,435</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 153,435</u>

McCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

NOTE 6: LONG-TERM LIABILITIES, CONTINUED

Description of Debt

Balance
06/30/11

Business-Type Activities:

Line of credit in the amount of \$300,000 with First State Bank of Valliant. This line of Credit bears an interest rate of 4.85%, has maturity date of December 7, 2011 and is renewed annually. \$ 234,900

Promissory note held by the Idabel Public Works Authority with an original issue balance of \$1,254,313. This notes bears a fixed interest rate of 5.8% and is a 17 year note with a maturity date of December 10, 2026. Proceeds were used to fund construction of the landfill. 1,182,940

Capital lease for equipment payable to Scott Construction Equipment Co. dated March 7, 2007 in the original amount of \$450,000. This lease has a term of 58 months, bears interest at 4.68% per annum, and matures on March 7, 2012. 81,831

Total Business-Type Activities Long-Term Liabilities \$ 1,499,671

Debt Maturity

Governmental Activities:

Year Ending <u>June 30</u>	<u>Leases</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 35,231	\$ 8,248	\$ 43,479
2013	37,404	6,075	43,479
2014	39,710	3,768	43,478
2015	<u>41,090</u>	<u>1,318</u>	<u>42,408</u>
Total	<u>\$ 153,435</u>	<u>\$ 19,409</u>	<u>\$ 172,844</u>

McCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

NOTE 6: LONG-TERM LIABILITIES, CONTINUED

Business-Type Activities:

Year Ended June 30	Line of Credit			Note Payable		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 234,900	\$ 5,696	\$ 240,596	\$ 48,565	\$ 67,333	\$ 115,898
2013	0	0	0	51,459	64,440	115,899
2014	0	0	0	54,524	61,375	115,899
2015	0	0	0	57,772	58,127	115,899
2016	0	0	0	61,213	54,686	115,899
2017 – 2021	0	0	0	365,301	214,192	579,493
2022 – 2026	0	0	0	487,857	91,636	579,493
2027 – 2031	0	0	0	56,249	946	57,195
	<u>\$ 234,900</u>	<u>\$ 5,696</u>	<u>\$ 240,596</u>	<u>\$ 1,182,940</u>	<u>\$ 612,735</u>	<u>\$ 1,795,675</u>

Total Business-type Activities:

Year Ended June 30	Leases			Total		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 81,831	\$ 2,872	\$ 84,703	\$ 365,296	\$ 75,901	\$ 441,197
2013	0	0	0	51,459	64,440	115,899
2014	0	0	0	54,524	61,375	115,899
2015	0	0	0	57,772	58,127	115,899
2016	0	0	0	61,213	54,686	115,899
2017 – 2021	0	0	0	365,301	214,192	579,493
2022 – 2026	0	0	0	487,857	91,636	579,493
2027 – 2031	0	0	0	56,249	946	57,195
	<u>\$ 81,831</u>	<u>\$ 2,872</u>	<u>\$ 84,703</u>	<u>\$ 1,499,671</u>	<u>\$ 621,303</u>	<u>\$ 2,120,974</u>

NOTE 7: CONCENTRATIONS

Approximately 98.5% (\$1,345,035) of total revenues received by the Authority's solid waste operations were derived from a dedicated sales tax.

NOTE 8: CONTINGENCIES

As of June 30, 2011, the Authority did not have any pending litigation or potential non-disclosed liabilities that management believes would have a material effect on the financial statements.

NOTE 9: EMPLOYEE PENSION PLAN

Plan Description – Employees of the Authority participate through McCurtain County in the Oklahoma Public Employees Retirement System, which is a multiple employer – defined benefit plan. Their most current Comprehensive Annual Financial Report can be obtained by contacting the Oklahoma Public Employees Retirement System at P O Box 53007, Oklahoma City, OK 73152-3007 or by phone at (405) 858-6737.

McCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
Idabel, Oklahoma

(A Component Unit of McCurtain County, Oklahoma)

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

NOTE 10: EMPLOYEE PENSION PLAN, CONTINUED

Members qualify for full retirement benefits at their specified normal retirement age or, for any person who became a member prior to July 1, 1992, when the sum of member's age and years of credit service equals or exceeds 80 (Rule of 80), and for any person who became a member after June 30, 1992, when the member's age and years of credited service equals or exceeds 90 (Rule of 90).

Normal retirement date is further qualified to require that all members employed on or after January 1, 1983, must have six or more years of full-time equivalent employment with a participating employer before being eligible to receive benefits. Credited service is the sum of participating and prior service. Prior service includes nonparticipating service before January 1, 1975, or the entry date of the employer and active wartime military service.

Benefits are determined at 2% of the average annual salary received during the highest three of the last ten years of participating service, but not to exceed the applicable annual salary cap, multiplied by the number of years of credited service. Normal retirement age under the Plan is 62 or Rule of 80/90.

Members become eligible to vest fully upon termination of employment after attaining eight years of credited service, or the member's contributions may be withdrawn upon termination of employment.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a/c))
07/01/06	\$ 5,654,276,043	\$ 7,914,657,886	\$ 2,260,381,843	71.4%	\$ 1,568,350,023	144.1%
07/01/07	6,110,230,058	7,413,248,130	2,303,018,072	72.6%	1,626,737,832	141.6%
07/01/08	6,491,928,362	8,894,287,254	2,402,358,892	73.0%	1,682,663,413	142.8%
07/01/09	6,208,245,334	9,291,457,837	3,083,212,503	66.8%	1,732,975,532	177.9%
07/01/10	6,348,416,407	9,622,627,833	3,274,211,426	66.0%	1,683,697,139	194.5%
07/01/11	6,598,627,939	8,179,767,661	1,581,139,722	80.7%	1,570,500,148	100.7%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2006	\$ 309,986,339	55.3%
2007	338,550,016	58.4%
2008	363,914,352	60.5%
2009	323,104,773	75.2%
2010	389,155,339	66.8%
2011	402,011,633	62.9%

McCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
Idabel, Oklahoma

(A Component Unit of McCurtain County, Oklahoma)

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

NOTE 10: EMPLOYEE PENSION PLAN, CONTINUED

The contribution rates for each member category of the Plan are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. In 2011, the Authority paid 10% of total employee salary and employees paid 3.5% of salary. Current year contributions totaled \$77,889 by the Authority and \$16,528 by employees on an annual payroll of \$490,380.

NOTE 11: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to tort; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees, employees health and life; and natural disasters. The Authority manages these various risks of loss through participation in the Association of County Commissioners of Oklahoma Self-Insurance Group and various other insurance policies

NOTE 12: BUDGET-TO-ACTUAL COMPARISON

The Authority does not operate under a legally adopted budget. Therefore, a budget-to-actual comparison has not been presented.

NOTE 13: SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 1, 2012, which is the date the financials were available to be issued.

Saunders & Associates, PLLC

Certified Public Accountants

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Website: www.saunderscpas.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
McCurtain County Public Health Management Authority
Idabel, Oklahoma

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of McCurtain County Public Health Management Authority, a component unit of McCurtain County, Oklahoma as of and for the year ended June 30, 2011, which collectively comprise McCurtain County Public Health Management Authority's basic financial statements and have issued our report thereon dated May 1, 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

In planning and performing our audit, we considered McCurtain County Public Health Management Authority, a component unit of McCurtain County, Oklahoma's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of McCurtain County Public Health Management Authority, a component unit of McCurtain County, Oklahoma's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of McCurtain County Public Health Management Authority, a component unit of McCurtain County, Oklahoma'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 above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether McCurtain County Public Health Management Authority, a component unit of McCurtain County, Oklahoma'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, others within the entity, federal or 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.

Saunders & Associates, PLLC
SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants

May 1, 2012

McCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
Idabel, Oklahoma

(A Component Unit of McCurtain County, Oklahoma)

STATUS OF PRIOR AUDIT FINDINGS

June 30, 2011

None reported.

McCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
Idabel, Oklahoma

(A Component Unit of McCurtain County, Oklahoma)

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended June 30, 2011

None reported.