FINANCIAL STATEMENTS
AND REPORTS OF INDEPENDENT AUDITOR

LEFLORE COUNTY DETENTION CENTER AUTHORITY
POTEAU, OKLAHOMA

FOR THE YEAR ENDED JUNE 30, 2016

JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

LEFLORE COUNTY DETENTION CENTER AUTHORITY
A COMPONENT UNIT OF LEFLORE COUNTY, POTEAU, OKLAHOMA
JUNE 30, 2016

TABLE OF CONTENTS

	Page No.
Table of Contents	1
Independent Auditor's Report	2-3
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	4-5
Schedule of Findings	6
Disposition of Prior Year's Reportable Conditions	7
Financial Statements:	
Statement of Net Position	8
Statement of Revenues, Expenses and Changes in Net Position	9
Statement of Cash Flows	10
Notes to the Financial Statements	11-14

JENKINS & KEMPER
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JACK JENKINS, CPA
MICHAEL KEMPER, CPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Trustees
LeFlore Co. Detention Authority
A Component Unit of LeFlore County
Poteau, Oklahoma 74953

We have audited the accompanying modified cash basis financial statements of LeFlore Co. Detention Authority, a component unit of the County of LeFlore, Oklahoma, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the LeFlore Co. Detention Authority, as of June 30, 2016 and 2015, and the respective changes in modified cash basis net assets and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting
We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters
Required Supplementary Information

The Authority has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on these financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards
In accordance with Government Auditing Standards, we have also issued a report dated October 21, 2016, on our consideration of the 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 in considering the Authority's internal control over financial reporting and compliance.

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

October 21, 2016

JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA
MICHAEL KEMPER, CPA

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

To the Board of Trustees
LeFlore Co. Detention Authority
Poteau, Oklahoma 74953

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of LeFlore Co. Detention Authority, a component unit of the County of LeFlore, Oklahoma, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 21, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose off expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jenkins & Kemper, CPAs P.C.

Jenkins and Kemper
Certified Public Accountants, P.C.

October 21, 2016

LEFLORE COUNTY DETENTION CENTER AUTHORITY
A COMPONENT UNIT OF LEFLORE COUNTY, POTEAU, OKLAHOMA
SCHEDULE OF FINDINGS
JUNE 30, 2016

There were no findings.

LEFLORE COUNTY DETENTION CENTER AUTHORITY
A COMPONENT UNIT OF LEFLORE COUNTY, POTEAU, OKLAHOMA
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS
JUNE 30, 2016

There were no material instances of findings in the prior year.

FINANCIAL STATEMENTS

LEFLORE COUNTY DETENTION CENTER AUTHORITY
A COMPONENT UNIT OF LEFLORE COUNTY, POTEAU, OKLAHOMA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	June 30,	
	2016	2015
Assets		
Cash and equivalents	$ 100,552	108,711
Restricted - Commissary Account	24,317	12,450
Total assets	124,869	121,161
Liabilities		
Warrants outstanding	14,538	21,565
Reserve for encumbrances	7,060	3,126
Total liabilities	21,598	24,691
Net Position		
Restricted	15,880	10,828
Unrestricted	87,391	85,642
Total net position	103,271	96,470
Total Liabilities & Net Position	$ 124,869	121,161

The accompanying notes are an integral part of the financial statements

LEFLORE COUNTY DETENTION CENTER AUTHORITY
A COMPONENT UNIT OF LEFLORE COUNTY, POTEAU, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	June 30,	
	2016	2015
Operating Revenues:		
Local governments - prisoner housing	$ 544,807	348,366
Department of Corrections - prisoner housing	253,235	242,389
Sales tax revenue	851,262	823,642
Commissary receipts	140,596	116,615
Miscellaneous	28,944	40,106
Total revenues	1,818,844	1,571,118
Operating Expenses:		
Personal services	1,282,808	1,165,289
Maintenance and operations	364,794	283,519
Commissary expenses	135,570	113,670
J.S.F.A	253	543
Total expenses	1,783,425	1,563,021
Operating income (loss)	35,419	8,097
Non-operating revenues (expenses)		
Capital outlay	(32,863)	
Transfer from Sheriff Service Fee	1,917	
Lapsed appropriations	2,328	1,647
Non-operating revenues (expenses), net	(28,618)	1,647
Change in net position	6,801	9,744
Net position, beginning of year	96,470	86,726
Net position, end of year	$ 103,271	96,470

The accompanying notes are an integral part of the financial statements

LEFLORE COUNTY DETENTION CENTER AUTHORITY
A COMPONENT UNIT OF LEFLORE COUNTY, POTEAU, OKLAHOMA
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	June 30,	
	2016	2015
Cash Flows from Operating Activities:		
Cash received from prisoner housing	$ 798,042	590,755
Cash received from sales tax	851,262	823,642
Cash received from other sources	28,944	40,106
Cash received from inmates	140,596	116,615
Cash paid for commissary	(128,729)	(112,973)
Cash paid for personal services	(1,283,445)	(1,151,640)
Cash paid for maintenance and operations	(371,742)	(302,280)
Cash paid for J.S.F.A.	(274)	(509)
Net cash flows from operating activities	34,654	3,716
Cash Flows from Investing Activities:		
Transfer from Sheriff Service Fee	1,917	
Capital outlay	(32,863)	
Net cash flows from investing activities	(30,946)	-
Cash Flows from Financing Activities:		
Net cash flows from financing activities	-	-
Net increase (decrease) in cash and cash equivalents	3,708	3,716
Cash and cash equivalents, beginning of period	121,161	117,445
Cash and cash equivalents, end of period	124,869	121,161
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	35,419	8,097
Add lapsed appropriations	2,328	1,647
Increase (decrease) in reserve fund balance	3,934	(3,359)
Increase (decrease) in reserve for outstanding	(7,027)	(2,669)
Net cash flows from operating activities	$ 34,654	3,716

The accompanying notes are an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

LEFLORE COUNTY DETENTION CENTER AUTHORITY
A COMPONENT UNIT OF LEFLORE COUNTY, POTEAU, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

1. Summary of Significant Accounting Policies

A. Reporting Entity

The LeFlore County Detention Center Authority, a component unit of LeFlore County, Poteau, Oklahoma, (the "Trust Authority") was established the 24th day of May, 1971, to provide and operate a secure and safe environment for adults and youth to be held prior to a court hearing, upon sentencing, and while awaiting placement to another facility. And for the public purposes hereinafter set forth, under the provisions of Title 60, Oklahoma Statutes 1961, Sections 176 to 180, inclusive, the Oklahoma Trust Act and other applicable statutes of the State of Oklahoma.

In accordance with accounting principles generally accepted in the United States of America, the financial statements of the Trust Authority is a legal separate component unit of LeFlore County, Poteau, Oklahoma (the primary government).

The Trust Authority is considered a component unit because the component unit's governing bodies are substantially the same as the governing body of the County, or the component unit provides services almost entirely to the primary government.

The Trust Authority prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Trust Authority are described below.

In evaluating how to define Trust for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by Governmental Accounting Standards Board (GASB). The basic – but not the only – criterion for including a potential component entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity

1. **Summary of Significant Accounting Policies** – contd.

A. Reporting Entity – contd.

benefits the Trust and/or citizens, or whether the activity is conducted within the geographic boundaries of the Trust and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Trust is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the Trust's reporting entity.

B. Measurement Focus, Basis of Accounting and Presentation – Fund Accounting

The Trust Authority's basic financial statements consist of a statement of net assets, statement of revenues, expenses and changes in net assets, and the statement of cash flows. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The financial statements are prepared using the modified accrual basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

C. Assets, Liabilities, Fund Balance, Revenue and Expenditures

Deposits and Investments
State statutes govern the Trust's investment policy. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies, and savings accounts or savings certificates of savings and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. Investments are stated at cost. The Detention Center Authority does not have any investments as of June 30, 2016.

Fair Value of Financial Statements
The Trust's financial instruments include cash and investments. The Trust's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial statements recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

1. **Summary of Significant Accounting Policies** – contd.

C. Assets, Liabilities, Fund Balance, Revenue and Expenditures – contd.

Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Interfund Transactions
Interfund transactions are accounted for as revenues, expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the fund that is reimbursed. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers.

Capital Assets
Capital assets, which include land, buildings and improvements, furniture, fixtures and equipment, and vehicles, are not reported in the government-wide financial statements. The Trust Authority records all capital outlay as an expense in the year that it was expended.

Long-Term Obligations
In the government-wide financial statements, long-term debt and long-term lease obligations are reported as liabilities in the applicable statements of net assets. The Trust does not have any long-term debt obligations as of June 30, 2016.

Net Assets
Reservations of fund balance represent amounts that are legally restricted for a specific purpose. The purpose for each reservation is indicated by the account title on the face of the financial statements.

Sales Tax
On February 9, 1993, the qualified electors of LeFlore County, Oklahoma, approved said County levying an additional excise tax of one-half of one percent (0.5%) upon gross proceeds or gross receipts derived from all sales within said County.

2. Deposits and Investments

The Trust Authority's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the Trust Authority or by its agent in the Trust Authority's name. The Trust Authority's cash deposits are maintained in the County Treasurer's Office of LeFlore County, Oklahoma.

3. Note – Other Information

A. Risk Management

The Detention Center Authority, Poteau, Oklahoma, as a component unit of LeFlore County, Oklahoma, is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The County purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

B. Subsequent Events

No subsequent events have occurred that could have effect on the financial statements at June 30, 2016.