FINANCIAL STATEMENTS
AND REPORTS OF INDEPENDENT AUDITOR

PUBLIC HEALTH MANAGEMENT AUTHORITY
A COMPONENT UNIT OF LEFLORE COUNTY
POTEAU, OKLAHOMA

YEAR ENDED JUNE 30, 2016

JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

PUBLIC HEALTH MANAGEMENT AUTHORITY
A COMPONENT UNIT OF LEFLORE COUNTY
POTEAU, OKLAHOMA
JUNE 30, 2016

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JENKINS & KEMPER
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JACK JENKINS, CPA
MICHAEL KEMPER, CPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Trustees
LeFlore Public Health Mgmt. Authority
A Component Unit of LeFlore County
Poteau, Oklahoma 74953

We have audited the accompanying modified cash basis financial statements of LeFlore Public Health Mgmt. 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 financial position of the LeFlore Public Health Mgmt. Authority, as of June 30, 2016 and 2015, and the respective changes in net position 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 Public Health Mgmt. 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 Public Health Mgmt. 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 changes in net position, 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

PUBLIC HEALTH MANAGEMENT AUTHORITY
A COMPONENT UNIT OF LEFLORE COUNTY, POTEAU, OKLAHOMA
SCHEDULE OF FINDINGS
JUNE 30, 2016

There were no findings.

PUBLIC HEALTH MANAGEMENT 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

PUBLIC HEALTH MANAGEMENT AUTHORITY
A COMPONENT UNIT OF LEFLORE COUNTY, POTEAU, OKLAHOMA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
FOR THE YEARS ENDED JUNE 30, 2016 & 2015

	2016	2015
Assets		
Cash and investments	$ 866,684	823,530
Total assets	866,684	823,530
Liabilities		
Warrants outstanding	26,092	21,657
Reserve for encumbrances	156,169	88,208
Total liabilities	182,261	109,865
Net Position		
Unrestricted	684,423	713,665
Total net position	684,423	713,665
Total Liabilites & Net Position	$ 866,684	823,530

The accompanying notes are an integral part of the financial statements

PUBLIC HEALTH MANAGEMENT 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 & 2015

	2016	2015
Operating Revenues:		
Waste management collections	$ 560,103	478,947
County sales tax	1,702,522	1,647,282
Reimbursements	57,002	5,000
Total revenues	2,319,627	2,131,229
Operating Expenses:		
Personal services	833,519	782,471
Travel	2,086	2,149
Trash cop program	7,009	5,910
Maintenance and operations	1,278,175	1,141,441
Total expenses	2,120,789	1,931,971
Operating income (loss)	198,838	199,258
Non-operating revenues (expenses)		
Interest on investments	734	761
Capital outlay	(238,673)	(70,123)
Lapsed appropriations	9,859	20,062
Non-operating revenues (expenses), net	(228,080)	(49,300)
Change in net position	(29,242)	149,958
Net position, beginning of year	713,665	563,707
Net position, end of year	$ 684,423	713,665

The accompanying notes are an integral part of the financial statement

PUBLIC HEALTH MANAGEMENT AUTHORITY
A COMPONENT UNIT OF LEFLORE COUNTY, POTEAU, OKLAHOMA
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 & 2015

	2016	2015
Cash Flows from Operating Activities:		
Cash received from sales tax collections	$ 1,702,522	1,647,282
Cash received as waste management collections	560,103	478,947
Cash received as reimbursements	57,002	5,000
Cash paid for personal services	(833,519)	(782,471)
Cash paid for maintenance and operations	(1,205,015)	(1,114,018)
Net cash flows from operating activities	281,093	234,740
Cash Flows from Investing Activities:		
Capital outlay	(238,673)	(70,123)
Interest earnings	734	761
Net cash flows from investing activities	(237,939)	(69,362)
Cash Flows from Financing Activities:		
Net cash flows from financing activities	-	-
Net increase (decrease) in cash and cash equivalents	43,154	165,378
Cash and cash equivalents, beginning of period	823,530	658,152
Cash and cash equivalents, end of period	866,684	823,530
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	198,838	199,257
Add lapsed appropriations	9,859	20,062
Increase (decrease) in reserve for encumbrances	67,961	(2,652)
Increase (decrease) in reserve for outstanding	4,435	18,073
Net cash flows from operating activities	$ 281,093	234,740

The accompanying notes are an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

PUBLIC HEALTH MANAGEMENT AUTHORITY
A COMPONENT UNIT OF LEFLORE COUNTY, POTEAU, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 & 2015

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Public Health Management Authority, a component unit of LeFlore County, Poteau, Oklahoma, (the "Trust Authority") was created on the 8th day of April 1991. The purpose of the trust (1) To acquire, construct, reconstruct, extend, improve, lease, purchase, install, equip, maintain, repair, enlarge, remodel and operate any property, utilities, buildings, improvements, equipment and other facilities of every nature for use by the United States of America, the State of Oklahoma, municipalities, school districts, counties, (including the Beneficiary), or other political subdivisions of the United States of Oklahoma, or agencies or authorities of the foregoing for use as collections centers, maintenance centers, administration facilities, green box sites, transfer stations, recycling centers, or other facilities concerned with the management and proper disposal of solid waste in LeFlore County, Oklahoma. (2) To promote the healthful proper management and disposal of solid waste within and without the territorial limits of the state of Oklahoma, specifically LeFlore County.

This public trust is created for public charitable purposes as such term is contemplated by the Internal Revenue Code of 1954, Section 501 (C) (3), as amended or supplemented, and the Internal Revenue Ruling 56-185. This public trust is not organized for private profit and no part of the net earnings, receipts, gains, profits or other income shall insure to the benefit of any trustee, individual or private person or entity, but shall be used exclusively in fulfilling charitable religious or educational trust purpose.

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 receipts derived from all sales within said County.

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.

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 basic financial statements of the Trust Authority have been prepared 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.

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

The Trust Authority's basic financial statements consist of a statement of net assets, a statement of revenues, expenses and changes in net assets, and a 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 cash basis of accounting.

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 Public Health Management 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 estimates 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.

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.

Inventories

Inventories consist of minimal amounts of expendable supplies held for consumption. The value of consumable inventories at year-end is not material to the Trust's financial statements. The costs of inventories are recorded as expenditures when encumbered and purchased rather than when consumed.

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

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

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 Public Health Management 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. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of applicable funds. The amount, if any, of expenditures which may be disallowed by grantor cannot be determined at this time although the Trust expects such amounts, if any, to be immaterial.

C. Employee Retirement System and Plan

Description of Plan

The county (the primary government) contributes to the Oklahoma Public Employees Retirements Plan (the Plan), a cost-sharing multiple employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Benefit provisions are established and amended by the Oklahoma Legislature. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. Title 74, Section 901 through 943, as amended, established the provisions of the Plan. OPERS issued a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73105 or by calling 1-800-733-9008.

D. Subsequent Events

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