FINANCIAL STATEMENTS
AND REPORTS OF INDEPENDENT AUDITOR

LEFLORE COUNTY SPECIAL 911 AUTHORITY
POTEAU, OKLAHOMA

JUNE 30, 2016

JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

LEFLORE COUNTY SPECIAL 911 AUTHORITY
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	11-16

JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA
MICHAEL KEMPER, CPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Trustees
LeFlore Co. Special 911 Authority
A Component Unit of LeFlore County
Poteau, Oklahoma 74953

We have audited the accompanying modified cash basis financial statements of LeFlore Co. Special 911 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 positions of the LeFlore Co. Special 911 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 years 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 26, 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 26, 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. Special 911 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. Special 911 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 26, 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 26, 2016

LEFLORE COUNTY SPECIAL 911 AUTHORITY
A COMPONENT UNIT OF LEFLORE COUNTY, POTEAU, OKLAHOMA
SCHEDULE OF FINDINGS
JUNE 30, 2016

There were no findings.

LEFLORE COUNTY SPECIAL 911 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 SPECIAL 911 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,	
ASSETS	2016	2015
Current Assets:		
Cash in bank	$ 149,023	149,550
Fixed Assets:		
Capital assets	1,274,407	1,274,407
Less: accumulated depreciation	(587,471)	(570,208)
Total Fixed Assets	686,936	704,199
Total Assets	835,959	853,749
LIABILITIES		
Current Liabilities:		
Warrants outstanding	2,671	7,309
Reserve for encumbrances	9,760	13,416
Current portion of long-term liability	75,032	71,342
Total Current Liabilities	87,463	92,067
Long-term Liabilities:		
Due in more than one year	294,008	369,040
Total Liabilities	381,471	461,107
NET POSITION		
Invested in capital assets, net of related debt	317,896	263,817
Unrestricted	136,592	128,825
Total Net Position	$ 454,488	392,642

The accompanying notes are an integral part of the financial statements

LEFLORE COUNTY SPECIAL 911 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:		
911 sales tax collection	$ 397,881	270,092
Reimbursements - dispatch salaries	158,339	277,091
Rentals	20,908	19,695
Miscellaneous	10	-
Total operating revenues	577,138	566,878
Operating Expenses:		
Personal services	323,251	329,545
Maintenance and operations	157,944	219,508
Depreciation	17,263	17,263
Total operating expenses	498,458	566,316
Operating Income (Loss)	78,680	562
Other Financing Sources (Uses)		
Interest income	215	286
Lapsed appropriations	3,445	2,095
Interest expense	(20,374)	(23,781)
Bank service charges	(120)	(120)
Total other financing sources (uses)	(16,834)	(21,520)
Change in Net Position	61,846	(20,958)
Net Position, beginning of year	392,642	413,600
Net Position, end of year	$ 454,488	392,642

The accompanying notes are an integral part of the financial statements

LEFLORE COUNTY SPECIAL 911 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 sales tax collections	$ 397,881	270,092
Cash received from reimbursements	158,339	277,091
Cash received for rentals and other	20,918	19,695
Cash paid for personal services	(323,251)	(328,990)
Cash paid for maintenance and operations	(162,793)	(206,526)
Net cash flows from operating activities	91,094	31,362
Cash Flows from Investing Activities:		
Interest earnings	215	286
Net cash flows from investing activities	215	286
Cash Flows from Financing Activities:		
Bank service charges	(120)	(120)
Interest expenses on debt	(20,374)	(23,781)
Principal payments on long-term debt	(71,342)	(67,935)
Net cash flows from financing activities	(91,836)	(91,836)
Net increase (decrease) in cash and cash equivalents	(527)	(60,188)
Cash and cash equivalents, beginning of period	149,550	209,738
Cash and cash equivalents, end of period	149,023	149,550
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	78,680	562
Add depreciation expense	17,263	17,263
Add lapsed appropriations	3,445	2,095
Increase (decrease) in reserve for encumbrances	(3,656)	6,716
Increase (decrease) in reserve for outstanding	(4,638)	4,726
Net cash flows from operating activities	$ 91,094	31,362

The accompanying notes are an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

LEFLORE COUNTY SPECIAL 911 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 Special 911 Authority, a component unit of LeFlore County, Poteau, Oklahoma, (the "Trust Authority") was established in August of 2000, to provide 911 emergency services to the residents and businesses of LeFlore County, 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.

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

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. BASIS OF PRESENTATION

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.

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

C. ASSETS, LIABILITIES, AND FUND EQUITY

CASH AND CASH EQUIVALENTS - For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

INVESTMENTS – Investments classified in the financial statements consist entirely of certificate of deposit whose original maturity exceeds three month. Investments are carried at cost, which approximates fair value.

CAPITAL ASSETS – The Trust Authority's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation when appropriate. The accounting treatment over property, plant, and equipment (capital assets) recognizes the assets over their useful lives using the straight-line method of depreciation. A capitalization threshold of $1,000 is used to report capital assets.

INTERFUND RECEIVABLES AND PAYABLES - During the course of operations, numerous transactions occur between individual funds that result in amounts being owed between funds. Those related to goods and services type transactions are classified as "due to" and "due from" other funds.

LONG-TERM DEBT – All long-term debt arising from cash basis transactions to be repaid from business-type resources is reported as liabilities in financial statements and separated between the long-term debt due within one year and long-term debt due in more than one year.

EQUITY CLASSIFICATION

Equity is classified as net assets and displayed in three components:

a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

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

C. ASSETS, LIABILITIES, AND FUND EQUITY – contd.

b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

It is the Trust Authority's policy to first use restricted net assets prior to the use of unrestricted net assets when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

2. **Capital Assets**

Capital asset activity, resulting from modified cash basis transactions, for the fiscal year ended June 30, 2016 was as follows:

Business-type activities:	Balance at 7/1/2015	Additions	Retirements	Balance at 6/30/2016
Capital assets -				
Land	$ 100,000			100,000
Building	863,144			863,144
Equipment	311,263			311,263
Total capital assets	1,274,407			1,274,407
Less accumulated depreciation for -				
Land				
Building (50 years, S/L)	(258,945)	(17,263)		(276,208)
Equipment (10 years, S/L)	(311,263)			(311,263)
Total accumulated depreciation	(570,208)	(17,263)		(587,471)
Capital assets, net	$ 704,199	(17,263)		686,936

3. 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.

4. Long-term Debt

On September 27, 2000, the Trust Authority issued its Series 2000 Sales Tax Gross Lease Revenue Note in the amount of $1,070,000, for the purpose of the Emergency Medical Services Building. The note was payable in monthly installments of $7,883.43 until the Trust Authority refinanced the remaining amount of principal and unpaid interest of $721,146.53 on December 23, 2010. The refinanced note will be payable in monthly installments of $7,643.01 beginning January 23, 2011 with a final installment being due on December 23, 2020. Interest was calculated on a fixed rate of 4.98%. At June 30, 2016, the outstanding principal balance of this note was $369,040. The note is payable as follows:

Year ending June 30	Principal	Interest	Total
2017	$ 75,032	16,684	91,716
2018	78,855	12,861	91,716
2019	82,872	8,844	91,716
2020	87,085	4,631	91,716
2021	45,196	661	45,857
Total	$ 369,040	43,681	412,721

5. Compensated Absences

The Trust Authority provides vacation and sick leave benefits in accordance with Title 70 of the Oklahoma Statutes, Article 6-104, which provides for annual sick leave and personal business days. Trust Authority policy allows certified employees to accumulate such days to a maximum number of days. None of the benefits are payable upon retirement or death. In accordance with the provision of Statement of Financial Accounting Standards Number 43, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

6. Cell Phone Assessment

On August 26, 2008, a proposition was passed by the voters of LeFlore County for a special assessment on cell phone users for the purposes of funding the Special 911 Authority. The fee is collected by KEDDO and distributed to LeFlore County, City of Poteau, and Town of Pocola.

7. Employee Retirement System and Plan

Plan Description

The Trust Authority participates in the state-administered Oklahoma Public Employees Retirement Plan, which is 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 Sections 901 through 943, as amended, establishes the provisions of the Plan. OPERS issues 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

Funding Policy

The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation, which is performed to determine the adequacy of contribution rates. Trust Authority employees are required to contribute between 3.5% and 8.5% of earned compensation. The Trust Authority contributes between 5.0% and 10.0% of earned compensation. The Trust Authority's total contributions for 2016, 2015 and 2014 were $38,437, $40,026, and $32,819 respectively.

8. Risk Management

The Trust Authority 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 Trust Authority 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.

9. Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. These programs are subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. The amount for expenditures that may be disallowed by the granting agencies cannot be determined at this time although it is believed by the Trust Authority that the amount, if any, would not be significant