

**MCCURTAIN COUNTY PUBLIC HEALTH
MANAGEMENT AUTHORITY**

**FINANCIAL STATEMENTS
AND AUDIT REPORT**

FOR THE YEAR ENDED JUNE 30, 2019

MCCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2019

INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position - Modified Cash Basis	3
Statement of Activities - Modified Cash Basis	4
Fund Financial Statement:	
Balance Sheet - Modified Cash Basis - Governmental Funds	5
Statement of Revenues, Expenditures, and Changes in Fund Balance - Modified Cash Basis - Governmental Funds	6
Notes to the Financial Statements	8
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 <i>Government Auditing Standards</i>	16
Schedule of Findings and Responses	18

MICHAEL W. GREEN
Certified Public Accountant

827 W. Locust Street
STILWELL, OK. 74960
(918) 696-6298

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying modified cash basis financial statements of the governmental activities of the McCurtain County Public Health Management Authority (the Authority), a component unit of McCurtain County, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Authority, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting.

Basis for Opinions

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Authority and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Emphasis of Matter—Basis of Accounting

I draw attention to Note 1.B. 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. My opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that

an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated November 20, 2023, on my consideration of the Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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 Authority's internal control over financial reporting and compliance.

Regards,



Michael W. Green, CPA
November 20, 2023

MCCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
(A component unit of Mccurtain County, Oklahoma)
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2019

	Government Activities
Assets	
Current assets	
Cash and cash equivalents	\$ 541,131
Total current assets	541,131
Noncurrent assets	
Buildings, property and equipment	2,682,100
Less accumulated depreciation	(1,907,137)
Total noncurrent assets	774,963
Total assets	1,316,094
Liabilities	
Current liabilities	
Notes payables current portion	109,519
Total current liabilities	109,519
Noncurrent liabilities	
Notes payables	127,421
Total noncurrent liabilities	127,421
Total liabilities	236,940
Net position (Note 1.D.)	
Net Investment in capital assets	538,023
Restricted	541,131
Total net position	\$ 1,079,154

The accompanying notes and auditor's report are an integral part of this statement.

MCCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
(A component unit of Mccurtain County, Oklahoma)
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2019

Functions/programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Capital		
			Operating Grants and Contracts	Grants and Contracts	
Governmental activities					
Personal Services	\$ 1,297,862	\$ -	\$ -	-	\$ (1,297,862)
Maintenance and Operations	612,855	-	-	-	(612,855)
Travel	108	-	-	-	(108)
Interest Expense	7,460	-	-	-	(7,460)
Depreciation	89,092	-	-	-	(89,092)
Total government activities	2,007,377	-	-	-	(2,007,377)
General revenues					
Sales tax					1,939,114
Other Revenue					45,614
Investment earnings					592
Transfers: In					168,171
Transfers: Out					(168,171)
Total general revenues and transfers					1,985,320
Change in net position					(22,057)
Net position, beginning of year					1,101,211
Net position, end of year					\$ 1,079,154

MCCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
(A component unit of Mccurtain County, Oklahoma)
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2019

	Total Governmental Funds
Assets	
Cash and cash equivalents	\$ 541,131
Total assets	541,131
Liabilities	
Due to other funds	-
Total liabilities	-
Fund Balance (Note 1.D.)	
Restricted	541,131
Committed	-
Assigned	-
Unassigned	-
Total fund balances	541,131
Total liabilities and fund balances	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
The cost of the assets is \$ 2,682,100	
The accumulated depreciation is \$1,907,137	
Net effect for reconciliation	774,964
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds (see Note 3D)	(236,941)
Net position of governmental activities	\$ 1,079,154

The accompanying notes and auditor's report are an integral part of this statement.

MCCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
(A component unit of Mccurtain County, Oklahoma)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	Total Governmental Funds
Revenues:	
Sales tax	\$ 1,939,114
Fees and Other Revenue	45,614
Investment income	592
Total revenues	1,985,320
Expenditures:	
Personal Services	1,297,862
Maintenance and Operation	612,855
Travel	108
Debt Service:	
Principal	110,880
Interest	7,460
Capital outlay	173,335
Total expenditures paid	2,202,500
Excess of revenues collected over (under) expenditures	(217,180)
Other financing sources (uses)	
Loan proceeds	173,335
Operating transfers in	168,171
Operating transfers out	(168,171)
Total other financing sources (uses)	173,335
Change in Fund balance	(43,845)
Fund balances, beginning of year	584,976
Fund balances, end of year	\$ 541,131

The accompanying notes and auditor's report are an integral part of this statement.

MCCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
(A component unit of Mccurtain County, Oklahoma)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE, CONTINUED - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

Reconciliation of the change in fund balances: total governmental funds to the change in net position of governmental activities:

Net change in fund balances: total governmental funds	\$	(43,845)
---	----	----------

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Loan proceeds		(173,335)
Principal payments on Debt		110,880
Net additions to fixed assets		173,335
Depreciation		(89,092)

Change in net position of governmental activities	\$	(22,057)
---	----	----------

The accompanying notes and auditor's report are an integral part of this statement.

MCCURTAIN COUNTY PUBLIC HEALTH MANAGEMENT AUTHORITY
(A Component Unit of McCurtain County, Oklahoma)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed in Note 1.B., these financial statements, for the McCurtain County Public Health Management Authority (the Authority), are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

1.A. FINANCIAL REPORTING ENTITY

The Authority is a component unit of McCurtain County, Oklahoma and is a public trust established pursuant to Title 60 of Oklahoma State Statutes. Public Trusts (Authorities) have no taxing power. The Authority was created for the purpose of, among other things, acquiring, constructing and maintaining property and facilities for use as collection 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 of McCurtain County, Oklahoma.

1.B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and activities are reported on a modified cash basis of accounting and the economic resources measurement focus. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets, and liabilities resulting from cash transactions adjusted for certain modifications that have substantial support in generally accepted accounting principles. The Authority has chosen to include adjustments for the following balances arising from cash transactions:

- capital assets and the depreciation of those assets, where applicable
- long-term debt
- cash-based interfund receivables and payables
- other cash-based receivables/payables

As a result of the use of this modified cash basis of accounting, certain assets, and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

As a result of the Authority's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and sick leave) and compensatory time earned but unpaid at year-end, and any employer-related costs earned and unpaid, are not reflected in the financial statements as liabilities, but are normally reported as a commitment disclosure.

Program revenues within the statement of activities are derived directly from each activity or from parties outside the Authority's taxpayers. The Authority has the following program revenues:

- Tipping fees

GOVERNMENTAL FUNDS

The Authority’s governmental funds are comprised of the following:

Major Funds

- General Fund - accounts for all activities not accounted for in other special-purpose funds.

The governmental funds are reported on a modified cash basis of accounting. Only current financial assets and liabilities arising from cash transactions are generally included on the fund balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. These fund financial statements use fund balance as their measure of available spendable financial resources at the end of the period.

1.C. BUDGETS AND BUDGETARY ACCOUNTING

The budget for the McCurtain County Public Health Management Authority, Idabel, Oklahoma, a component unit of McCurtain County, Oklahoma, was legally adopted within the budget for McCurtain County, Oklahoma.

1.D. ASSETS, LIABILITIES, AND EQUITY

CASH AND CASH EQUIVALENTS

For the purpose of the statements of net position, balance sheets, and statement of cash flows, “cash and cash equivalents” includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three months or less and money market accounts.

CAPITAL ASSETS

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to July 1, 2003. Prior to July 1, 2003, governmental funds’ infrastructure assets were not capitalized. Infrastructure assets acquired since July 1, 2003, are recorded at cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. The Authority has a capitalization policy of \$1,000. The range of estimated useful lives by type of asset is as follows:

Buildings	40-50
Equipment	5-40

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

RESTRICTED ASSETS

Restricted assets include cash and investments that are legally restricted as to their use.

LONG-TERM DEBT

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

COMPENSATED ABSENCES

The cost of compensated absences and fringe benefits are recognized when the payments are made to employees. A liability for accrued compensated absences has not been recognized in the financial statements.

FUND BALANCES AND NET POSITION

Fund Balances

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, and unassigned. These classifications are defined as:

- *Non-spendable* – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* – consists of fund balance with constraints placed on the use of resources either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (b) laws through constitutional provisions or enabling legislation.
- *Committed* - includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Authority's highest level of decision-making authority. The Authority's highest level of decision-making authority is made by ordinance.
- *Assigned* – includes amounts that are constrained by the Authority's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by Authority Commission action or management decision when the Authority Commission has delegated that authority. Assignments for transfers and interest income for governmental funds are made through budgetary process.
- *Unassigned* – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the General Fund.

It is the Authority's policy to first use a restricted fund balance prior to the use of the unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balances are available. The Authority's policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net Position

Net position is displayed in three components:

- *Net investment in capital assets* – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
- *Restricted net position*- Consists of net position 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.
- *Unrestricted net position* – All remaining net position that does not meet the definition of “restricted”.

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

Fund balances on June 30, 2019, for the governmental funds are as follows:

	General
Fund Balances:	<u>Fund</u>
Restricted	<u>541,131</u>
Total Fund Balances	<u><u>\$ 541,131</u></u>

1.E. REVENUES, EXPENDITURES, AND EXPENSES

SALES TAX

Sales tax revenue represents a one-half percent(1/2%) that is designated to “staff and maintain” the McCurtain County Public Health Management Authority.

PROGRAM REVENUES

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the Authority’s taxpayers are reported as program revenues. The Authority has the following program revenues in each activity:

General Fund	Tipping fees
--------------	--------------

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose, except for the commercial vehicle tax and the gasoline excise tax, both of which are restricted for street and alley purposes.

1.F. USE OF ESTIMATES

The preparation of financial statements in conformity with the modified cash basis requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period (such as estimated useful lives in determining depreciation expense.) Accordingly, actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the Authority and its component units are subject to various federal, state, and local laws and contractual regulations. An analysis of the Authority's compliance with significant laws and regulations and demonstration of its stewardship over Authority resources follows.

2.A. UNINSURED AND UNCOLLATERALIZED DEPOSITS

In accordance with State law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State or political subdivision debt obligations, surety bonds, or certain letters of credit. The Authority's cash deposits are maintained in the County Treasurer's Office of McCurtain County, Oklahoma.

NOTE 3. DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS

3.A. DEPOSITS AND INVESTMENTS

Custodial Credit Risk – The Authority is not subject to custodial credit risk due to the fact that McCurtain County maintains all the funds except for one bank account. That bank account did not go over the \$250,000 FDIC coverage at any time during the fiscal year

3.B. RESTRICTED REVENUES

The Authority has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

Revenue Source	Legal Restrictions of Use
Sales Tax	See Note 1.E.

3.C. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	June 30, 2018 Beginning Balance	Additions	Deletions	June 30, 2019 Ending Balance
<i>Governmental activities:</i>				
Other capital assets:				
Land	\$ 68,844	\$ -	\$ -	\$ 68,844
Buildings	506,091	-	-	506,091
Equipment	1,517,913	173,335	-	1,691,248
Green Box Equipment & Sites	415,917	-	-	415,917
Total other capital assets at historical cost	<u>2,508,765</u>	<u>-</u>	<u>-</u>	<u>2,682,100</u>
Less accumulated depreciation	<u>(1,818,045)</u>	<u>(89,092)</u>	<u>-</u>	<u>(1,907,137)</u>
Governmental activities capital assets, net	<u>\$ 690,720</u>	<u>\$ 84,243</u>	<u>\$ -</u>	<u>\$ 774,963</u>

3.D. LONG TERM DEBT

GOVERNMENTAL ACTIVITIES

The Authority entered into a lease agreement with Welch State Bank on July 15, 2015, for the purchase of equipment. The original lease amount was \$216,893 and bears an interest rate of 2.87%. It is payable in 60 monthly payments of \$3,886. The balance as of June 30, 2019, is \$41,879.

The Authority entered into a lease agreement with Bear State Bank (now Arvest Bank) on October 14, 2015, for the purchase of equipment. The original lease amount was \$166,872 and bears an interest rate of 2.5%. It is payable in 60 monthly payments of \$2,964. The balance as of June 30, 2019, is \$43,414.

The Authority entered into a lease agreement with McCurtain County National Bank on November 14, 2018, for the purchase of a packer truck. The original lease amount was \$173,335 and bears an interest rate of 3.75%. It is payable in 60 monthly payments of \$3,175. The balance as of June 30, 2019, is \$151,647.

Below is a summary of the changes in long-term debt for the year ended June 30, 2019:

Type of Debt	Balance 6/30/2018	Additions	Reductions	Balance 6/30/2019	Amount Due Within One Year
Business Type Activities:					
Welch State Bank	\$ 94,163	\$ -	\$ (52,284)	\$ 41,879	\$ 41,879
Bear State Bank-Arvest Bank	80,323	-	(36,909)	43,414	34,804
McCurtain County National Bank	-	173,335	(21,688)	151,647	32,836
				-	
Total Business Type Activities:	<u>\$ 174,486</u>	<u>\$ 173,335</u>	<u>\$ (110,881)</u>	<u>\$ 236,940</u>	<u>\$ 109,519</u>

DEBT SERVICE REQUIREMENTS TO MATURITY

The annual debt service requirements to maturity, including principal and interest, for long-term debt, as of June 30, 2019, are as follows:

Year ending June 30,	Welch State Bank		Bear(Arvest) Bank		McCurtain County National Bank	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	41,879	867	34,804	764	32,836	5,260
2021	-	-	8,610	282	34,103	3,993
2022	-	-	-	-	35,404	2,692
2023	-	-	-	-	36,755	1,342
2024	-	-	-	-	12,549	148
	<u>\$ 41,879</u>	<u>\$ 867</u>	<u>\$ 43,414</u>	<u>\$ 1,046</u>	<u>\$ 151,647</u>	<u>\$ 13,436</u>

NOTE 4: OTHER NOTES

4.A. PENSION PLANS

McCurtain County (the primary government) contributes to the Oklahoma Public Employees Retirement 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 901-943, 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.

4.B. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority manages these various risks of loss by securing commercial insurance for all risks. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

4.C. COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES

Other Commitments

Federal and State Award Programs:

The Authority participates in various federal and state grant and loan programs from year to year. In 2019, the Authority's involvement in federal and state award programs was not significant. The programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The Authority has not been notified of any noncompliance with federal or state award requirements. Any liability or reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

CONTINGENCIES

Grant Program Involvement

In the normal course of operations, the Authority participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability of reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Litigation

The Authority is a party to various legal proceedings that normally occur in the course of governmental operations. The financial statements do not include any accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a 3-year period by an Authority "Sinking Fund" for the payment of any court assessed judgment rendered against the Authority. While the outcome of the above noted proceedings cannot be predicted, due to the insurance

coverage maintained by the Authority and the State statute relating to judgments, the Authority feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the Authority.

4.D. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 20, 2023, which is the date the financial statements were available to be issued.

MICHAEL W. GREEN
Certified Public Accountant
827 W. Locust Street
STILWELL, OK. 74960
(918) 696-6298

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
McCurtain County Public Health Management Authority, Oklahoma

I 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 modified cash basis financial statements of the governmental activities of the McCurtain County Public Health Management Authority, Oklahoma (the Authority), a component unit of McCurtain County, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 20, 2023. The report included an emphasis-of-matter paragraph related to the Authority's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, I did identify certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. I consider the deficiency described in the accompanying schedule of findings and responses as item (2019-01) to be a material weakness.

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. I did not identify any deficiencies in internal control that I consider to be significant deficiencies. However, significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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 financial statements. 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* (2019-01).

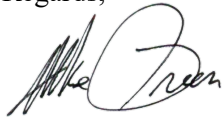
The Authority’s Response to Findings

The Authority’s response to the findings identified in my audit is described in the accompanying schedule of findings and responses. The Authority’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

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 Authority’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 Authority’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Regards,



Michael Green, CPA
November 20, 2023

**McCurtain County Public Health Management Authority
(A Component Unit of McCurtain County, Oklahoma)
Schedule of Findings & Responses
June 30, 2019**

2019-01 – Timely Financial Statements and Audit

Criteria: Title 11 O.S. § 17-105-113 and Title 60 § 180.1-.3 of the Oklahoma Statutes requires all audits to be filed with the Oklahoma Office of the State Auditor and Inspector within six months of the year end.

Condition: The City is not in compliance with State Statutes. The financial statements were not available for audit until after this deadline. These violations create potential issues with funding sources and can create a situation where management decisions are not made based on relevant financial information.

Cause and Effect: Inadequate control over year end closing and financial statement preparation appear to be the cause of this issue.

Recommendation: The year-end closing, and financial statement preparation should be completed by mid-October each year to allow adequate time to complete the audit.

Responsible Official's Response: Management of the City agree that the financial statements and annual audit should be completed within 6 months of the year end and has taken action to be in compliance.