

**Financial Statements and Reports of
Independent Certified Public Accountant
Delaware County
E-911 Governing Authority
June 30, 2011**

**TURNER & ASSOCIATES, PLC
Certified Public Accountants
P.O. Box 378
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918.256.6788**

**Delaware County E-911 Governing Authority
Officials**

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Tad Dunham	Vice Chairman
Johnnie Earp	Secretary/Treasurer
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Don Murphy

Assistant Coordinator

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**Delaware County E-911 Governing Authority
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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Delaware County E-911 Governing Authority
Jay, Oklahoma

We have audited the accompanying financial statements of the Delaware County E-911 Governing Authority, a special revenue fund and component unit of the County of Delaware, Oklahoma, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Delaware County E-911 Governing Authority management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the financial statements present only the Delaware County E-911 Authority and do not purport to, and do not present fairly the financial position of the County of Delaware, Oklahoma, as of December 31, 2011, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each fund of the Delaware County E-911 Governing Authority, as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2012, on our consideration of the Delaware County E-911 Governing 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* and should be considered in assessing the results of our audit.

The Delaware County E-911 Governing Authority has not presented the Management's Discussion and Analysis required by the Governmental Accounting Standards Board (GASB) that the GASB has determined is necessary to supplement, although not required to be part of, the basic financial statements.

TURNER & Associates, PLC

Vinita, OK
February 20, 2012

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

Board of Trustees
Delaware County E-911 Governing Authority
Jay, Oklahoma

We have audited the financial statements of the Delaware County E-911 Governing Authority, a special revenue fund and component unit of the County of Delaware, Oklahoma, as of and for the year ended June 30, 2011, as listed in the table of contents and have issued our report thereon dated February 20, 2012. The Delaware County E-911 did not present the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to supplement, although not to be part of, the basic financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Delaware County E-911 Governing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Delaware County E-911 Governing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Delaware County E-911 Governing Authority's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting, describe in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses in internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Delaware County E-911 Governing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use management, Board of Trustees, and the Oklahoma State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

TURNER & Associates, PLLC

Vinita, Oklahoma
February 20, 2012

Delaware County E-911 Governing Authority
Statement of Net Assets
June 30, 2011

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 245,681.87
Certificates of Deposit	150,000.00
Accounts Receivable-Tariff Fees	32,710.31
Total Current Assets	<u>428,392.18</u>

Noncurrent Assets

Capital Assets, net of Accumulated Depreciation	<u>313,615.98</u>
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TOTAL ASSETS

742,008.16

LIABILITIES

Current Liabilities

Accounts Payable	230.80
Accrued Payables	2,751.81
Current Portion of Long Term Debt	<u>27,127.61</u>

TOTAL LIABILITIES

30,110.22

NET ASSETS

Invested in Capital Assets, Net of Related Debt	313,615.98
Unrestricted Net Assets	398,281.96
TOTAL NET ASSETS	<u><u>\$ 711,897.94</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Delaware County E-911 Governing Authority
Statement of Activities
For the Year Ended June 30, 2011

		Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs	<u>Expenses</u>				
Governmental Activities:					
Public Safety	<u>\$ 200,171.65</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (200,171.65)</u>
General Revenues and Transfers:					
Tariff Fees					296,246.61
Investment Earnings					<u>703.03</u>
Total General Revenues and Transfers					<u>296,949.64</u>
Change in Net Assets					96,777.99
Net Assets, Beginning					<u>615,119.95</u>
Net Assets, Ending					<u><u>\$ 711,897.94</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**Delaware County E-911 Governing Authority
Balance Sheet – Special Revenue Fund
June 30, 2011**

ASSETS

Cash and Cash Equivalents	\$ 245,681.87
Investments	150,000.00
Accounts Receivable - Tariff Fees	32,472.97
Accrued Interest Receivable	237.34
Total Assets	<u>\$ 428,392.18</u>

LIABILITIES AND FUND EQUITY**Liabilities:**

Accounts Payable and Accrued Expenses	\$ 2,982.61
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Fund Equity:

Fund Balance, Assigned	425,409.57
Total Liabilities and Fund Equity	<u>\$ 428,392.18</u>

Reconciliation of Balance Sheet to Statement of Net Assets:

Special Revenue Fund Balance	\$ 425,409.57
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Amounts reported for governmental activities in the Statement of Net Assets 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 \$451,461.20 and the accumulated depreciation is \$137,845.22 for a net book value of \$313,615.98	313,615.98
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Long-term liabilities, including capitalized lease obligations, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Capitalized Lease Obligations Payable	<u>(27,127.61)</u>
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Net Assets of Governmental Activities	<u>\$ 711,897.94</u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

Delaware County E-911 Governing Authority
Statement of Revenues, Expenditures, and Changes in Fund Balance – Special Revenue Fund
For the Year Ended June 30, 2011

Revenues:	
Tariff Fees	<u>\$ 296,246.61</u>
Expenditures:	
Accounting	4,708.36
Attorney Fees	8,956.40
Dues and Subscriptions	1,844.87
Employee Benefits	24,415.91
Repairs & Maintenance	3,906.18
Office Expense	323.03
Postage	84.00
Payroll Taxes	5,651.99
Salaries	75,419.69
Supplies	7,208.99
Telephone	30,084.14
Fuel Expense	419.10
Travel	1,428.82
Capital Outlay	35,250.00
Insurance	11,078.32
Total Expenditures	<u>210,779.80</u>
Operating Revenue (Expense)	85,466.81
Non Operating Revenue (Expense)	
Interest Income	<u>703.03</u>
Net Change in Fund Balance	86,169.84
Fund Balance, Beginning of Year	<u>339,239.73</u>
Fund Balance, End of Year	<u><u>\$ 425,409.57</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Delaware County E-911 Governing Authority
Reconciliation of the Special Revenue Fund Statement of Revenues, Expenditures
and Changes in Fund Balance to the Statement of Activities
For the Year Ended June 30, 2011

Net Change in Fund Balance - Special Revenue Fund	\$	86,169.84
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital Lease Principal Payments	\$	28,961.57	
Capital Outlay Expenditures		4,360.40	
Depreciation expense	\$	<u>(22,713.82)</u>	<u>10,608.15</u>

Change in Net Assets	\$	<u><u>96,777.99</u></u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

Delaware County E-911 Governing Authority
Notes to the Financial Statements
For the Year Ended June 30, 2011

I. Summary of Significant Accounting Policies

The following notes to the financial statements are an integral part of the Authority's financial statements.

The Authority is a special revenue fund and a component unit of the County of Delaware, Oklahoma and will be included in the County of Delaware's basic financial statements. Therefore, these financial statements present only the activities of the special revenue fund and are not intended to present the financial status of the County as a whole.

The Authority complies with Generally Accepted Accounting Principles (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the Statement of Net Assets and Statement of Activities, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this Note.

A. Reporting Entity

The Authority's financial reporting entity is comprised of the following:

Primary Government: Delaware County E-911 Governing Authority

In determining the financial reporting entity, the Authority complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" and includes all component units of which the Authority appointed a voting majority of the units' board and the Authority is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Board of Trustees or the component unit provides services entirely to the Authority. The component unit's fund is blended into those of the Authority's by appropriate activity type to comprise the primary government presentation. Currently, the Authority has no blended component units.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the Authority has no discretely presented component units.

For the Year Ended June 30, 2011

I. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation

Statement of Net Assets and Statement of Activities

The statement of net assets and the statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Authority or meets the following criteria:

- a. Total assets, liabilities, revenues or expenditure/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues or expenditure/expenses of that individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The fund of the financial reporting entity is described below:

Governmental Fund

Special Revenue Fund

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally or administratively restricted to expenditures for specified purposes. The operating fund of the Authority is a special revenue fund. It is used to account for all activities of the Delaware County E-911 Governing Authority.

Major and Non-Major Funds

Major: Special Revenue Fund: Delaware County E-911 Governing Authority

Non-Major: None

**Delaware County E-911 Governing Authority
Notes to the Financial Statements
For the Year Ended June 30, 2011**

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the Statement of Net Assets and Statement of Activities, governmental activities are presented using the “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net assets.

In the fund financial statements, governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the Statement of Net Assets and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

**Delaware County E-911 Governing Authority
Notes to the Financial Statements
For the Year Ended June 30, 2011**

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Equity

Cash and Cash Equivalents

For the purpose of the Statement of Net Assets, “cash and cash equivalents” includes all demand, savings accounts and certificates of deposit with an original maturity of three months or less.

Receivables

In the Statement of Net Assets, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include tariff fee revenues and interest earned but not received as of the end of the year.

In the fund financial statements, material receivables in governmental funds include tariff fee revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis of accounting. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Fixed Assets

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are reported in the Statement of Net Assets or fund financial statements. Fixed assets include property, plant and equipment. The Board has approved a capitalization threshold of an initial individual cost of more than \$2,000 and an estimated useful life of more than one year.

Statement of Net Assets

In the Statement of Net Assets, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible fixed 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 estimates useful lives of 5-20 years on equipment.

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Delaware County E-911 Governing Authority
Notes to the Financial Statements
For the Year Ended June 30, 2011

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Equity (continued)

Equity Classifications

Statement of Net Assets

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 improvement of those assets.
- 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 or 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.”

Fund Statements

In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed on the use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e., fund balance associated with assets that are not in spendable form, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

Amounts in the *spendable* fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors, or laws and regulations of other governments; or by law through constitutional provision or enabling legislation.

Committed fund balance represents amounts that are usable only for specific purposes by formal action of the government’s highest level of decision making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes by taking action similar to that which imposed the commitment. The District’s Board of Education is the highest level of decision making authority of the District.

Assigned fund balance represents amounts that are *intended* to be used for specific purposes but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds *other than the general fund*, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purpose in accordance with the provisions of the standard.

Unassigned fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

Delaware County E-911 Governing Authority
Notes to the Financial Statements
For the Year Ended June 30, 2011

E. Revenues, Expenditures and Expenses

Tariff Fees

Revenues from tariff fees include amounts due to the Authority from taxes collected by the local telephone companies.

Investment Earnings

Investment earnings include interest on certificates of deposit.

Expenditures/Expenses

In the Statement of Activities, expenses are classified by function for governmental activities.

In the fund financial statements, expenditures are classified by character. In the fund financial statements, governmental funds report expenditures of financial resources.

F. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain 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. Actual results could differ from those estimates.

II. Stewardship, Compliance and Accountability

By its nature as a component unit of a local government unit, the Authority is 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.

A. Fund Accounting Requirements

The Authority complies with all state and local laws and regulations requiring the use of separate funds. The Authority uses a special revenue fund as legally required by the terms of its trust indenture.

B. Deposit and Investments Laws and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Authority must have a written collateral agreement approved by the board of directors or loan committee.

Investments of any Town or County (excluding Public Trusts) whose population exceeds 3,000 according to the latest census information are restricted by state law. Public trusts created under O.S. Title 60 are not subject to these investment limitations and are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2011, the Authority complied, in all material respects, with these investment restrictions.

**Delaware County E-911 Governing Authority
Notes to the Financial Statements
For the Year Ended June 30, 2011**

II. Stewardship, Compliance and Accountability (continued)

C. Revenue Restrictions

The Authority's revenues are restricted solely for Delaware County E-911 purposes. For the year ended June 30, 2011, the Authority complied, in all material respects, with this revenue restriction.

D. Fund Equity Restrictions

Deficit Prohibition

Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund. The Authority complied with this statute in all material respects for the year ended June 30, 2011.

III. Detailed Notes Concerning the Funds

A. Deposits and Investments

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's cash deposits, including interest-bearing certificates of deposit, are maintained in financial institutions. As of June 30, 2011, none of the Authority's deposits was exposed to custodial credit risk.

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

B. Changes in Capital Assets

Capital asset activity for the year was as follows:

	Balance June 30, 2010	Additions	Disposals	Balance June 30, 2011
Governmental Activities:				
Depreciable assets:				
Equipment	\$ 447,100.80	\$ 4,360.40	\$ -	\$ 451,461.20
Accumulated Depreciation:				
Equipment	(115,131.40)	(22,713.82)	-	(137,845.22)
Net Capital Assets	<u>\$ 331,969.40</u>	<u>(18,353.42)</u>	<u>-</u>	<u>313,615.98</u>

**Delaware County E-911 Governing Authority
Notes to the Financial Statements
For the Year Ended June 30, 2011**

III. Detailed Notes Concerning the Funds

C. Capital Lease Obligations

The Authority executed a lease purchase agreement with Kansas State Bank for Radio Communication equipment on August 6, 2007. The amount of the lease is \$114,961.50 with interest at 12.844%. Future payments are as follows:

Year Ended June 30,	Principal	Interest	Total
2012	\$ 27,127.61	\$ 1,622.39	\$ 28,750.00

IV. Other Information

A. Risk Management

The 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 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.

B. Defined Benefit Pension Plan

The Delaware County E-911 Authority is a participating employer in the Oklahoma Public Employees Retirement System (OPERS). The plan is funded by State and employee contributions and earnings from investments and is a cost-sharing multiple-employer defined benefit plan. Benefits are established and changed under the authority of the Oklahoma Legislature.

The Oklahoma Public Employees Retirement System issues a publicly available financial report that may be obtained by writing to P.O. Box 53007, Oklahoma City, OK 73152-2381 or calling 1-800-733-9008.

Oklahoma Public Employees Retirement System

All regular, full-time employees beginning their sixth month of employment are required to contribute to the retirement system.

Pension provisions include death and disability benefits. The retirement system provides various options that the member may choose for their designated beneficiary including a one-time lump sum payment, or the surviving spouse may receive death benefits for life. Disability benefits are also provided to the disabled employee.

The Authority is required to contribute 13.5% of each participating employee's salary. The participant is required to contribute 3.5% from eligible compensation. Contribution requirements are established and may be changed by the Oklahoma Legislature. The Authority's contributions to the plan for the years ended June 30, 2011, 2010, and 2009 are summarized as follows:

**Delaware County E-911 Governing Authority
Notes to the Financial Statements
For the Year Ended June 30, 2011**

IV. Other Information (continued)

B. Defined Benefit Pension Plan (continued)

Oklahoma Public Employees Retirement System

Year Ending June 30,	
2011	\$ 11,693.40
2010	\$ 3,086.58
2009	\$ 3,313.01

C. Commitments and Contingencies

As of February 2010, the Authority was being represented for two pending litigations. The attorney does not anticipate the Authority losing either case, however, the upper limit of the verdict is estimated to be \$250,000 per trial for the one case and \$200,000 per trial for the second case, in the eventuality that the lawsuits are lost.

D. Subsequent Events

On October 12, 2011 the Authority paid to Kansas State Bank \$19,935.53 which paid in full the balance of the equipment lease.