

**Financial Statements and Reports of  
Independent Certified Public Accountant  
Delaware County  
E-911 Governing Authority  
June 30, 2012**

**TURNER & ASSOCIATES, PLC  
Certified Public Accountants  
P.O. Box 378  
Vinita, OK 74301  
918.256.6788**

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

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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 of the County of Delaware, Oklahoma, as of and for the year ended June 30, 2012, 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 opinion.

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 March 12, 2013, 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, 2012, 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 March 12, 2013, 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  
March 12, 2013

224 West Flint Ave., Vinita, OK 74301  
Phone: 918.256.6788 Fax: 918.256.3739



**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 of the County of Delaware, Oklahoma, as of and for the year ended June 30, 2012, as listed in the table of contents and have issued our report thereon dated March 12, 2013. 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**

Management of the Authority is responsible for establishing and maintaining effective 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 and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting, described 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 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*.

The Delaware County E-911 Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Delaware County E-911 Authority's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors, management, 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  
March 12, 2013

**Delaware County E-911 Governing Authority**  
**Statement of Net Assets**  
**June 30, 2012**

**ASSETS**

## Current Assets:

Cash and Cash Equivalents	\$ 167,008.56
Certificates of Deposit	226,618.76
Accounts Receivable - Tariff	31,807.17
Accounts Receivable - Interest	179.40
Prepaid Insurance	6,820.00
Total Current Assets	<u>432,433.89</u>

## Capital Assets:

Property, Plant and Equipment, at Cost	467,917.20
Less Accumulated Depreciation	<u>(162,384.64)</u>
Total Capital Assets	<u>305,532.56</u>

## Total Assets

	<u>737,966.45</u>
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**LIABILITIES**

## Current Liabilities:

Accounts Payable	3,209.34
Payroll Taxes Payable	1,663.66
Employee Benefits Payable	<u>976.93</u>

## Total Liabilities

	<u>5,849.93</u>
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**NET ASSETS**

Invested in Capital Assets, net of Related Debt	305,532.56
Unassigned	<u>426,583.96</u>

## Total Net Assets

	<u>\$ 732,116.52</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 Activities**  
**For the Year Ended June 30, 2012**

FUNCTIONS/PROGRAMS	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense)/ Revenue</u>
<b>Primary government:</b>				
Governmental activities:				
Public Safety	\$ (267,173.93)	\$ -	\$ -	\$ (267,173.93)
<b>General Revenues and Transfers:</b>				
Tariff Fees				295,552.26
Investment Earnings				1,768.98
<b>Total General Revenue and Transfers</b>				<u>297,321.24</u>
<b>Changes in Net Assets</b>				30,147.31
<b>Net Assets-Beginning</b>				<u>701,969.21</u>
<b>Net Assets-Ending</b>				<u>\$ 732,116.52</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, 2012**

**ASSETS**

Cash and Cash Equivalents	\$	167,008.56
Investments		226,618.76
Accounts Receivable - Tariff		31,807.17
Accrued Interest Receivable		179.40
Prepaid Insurance		6,820.00
Total Assets	\$	432,433.89

**LIABILITIES & FUND EQUITY****Liabilities:**

Accounts Payable	\$	3,209.34
Payroll Taxes Payable		1,663.66
Employee Benefits Payable		976.93
Total Liabilities		5,849.93

**Fund Balance:**

Nonspendable		6,820.00
Unassigned		419,763.96
Total Fund Balance	\$	426,583.96

Total Liabilities and Fund Balance	\$	432,433.89
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**Reconciliation of Balance Sheet to Statement of Net Assets:**

<b>Total Fund Balance - Governmental Funds</b>	\$	426,583.96
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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 in the governmental funds. The cost of the assets is \$467,917.20 and the accumulated depreciation is \$24,539.42 for a net book value of \$305,532.56

		305,532.56
<b>Net Assets of Governmental Activities</b>	<b>\$</b>	<b>732,116.52</b>

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, 2012**

	<b>Net (Expenses) Revenue</b>
Revenues:	
Tariff Fees	\$ 295,552.26
Expenditures:	
Legal and Professional	42,118.45
Capital Expenditures	45,016.53
Employee Benefits	11,175.53
Insurance	19,669.95
Repairs & Maintenance	19,221.00
Payroll Taxes	8,407.49
Telephone	30,782.32
Payroll	97,801.00
Travel	2,040.06
Supplies	2,772.23
Fuel Expense	1,150.29
Postage	138.21
Office Expense	4,505.35
Miscellaneous Expense	1,419.71
Total Expenditures	286,218.12
Operating Revenue (Expense)	9,334.14
Non Operating Revenue (Expense)	
Interest Income	1,768.98
Net Change in Fund Balance	11,103.12
Fund Balance-Beginning	415,480.84
Fund Balance-Ending	\$ 426,583.96

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, 2012**

<b>Net Change in Fund Balance - Total Governmental Funds</b>	\$ 11,103.12
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Capital Outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:</p>	
Capital Outlays	16,456.00
Depreciation Expense	(24,539.42)
<p>Repayments of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the government-wide statements</p>	
Capital lease obligation principal payments	27,127.65
<b>Change in Net Assets of Governmental Activities</b>	<b>\$ 30,147.35</b>

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, 2012**

**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 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. Measurement Focus, Basis of Accounting, and Basis of Presentation**

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

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. 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 the economic asset is 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 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. 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, 2012**

**I. Summary of Significant Accounting Policies (continued)**

**A. Measurement Focus, Basis of Accounting, and Basis of Presentation (continued)**

*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

**B. 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.

**Delaware County E-911 Governing Authority  
Notes to the Financial Statements  
For the Year Ended June 30, 2012**

**I. Summary of Significant Accounting Policies (continued)**

*Statement of Net Assets, (continued)*

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.

**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. Unassigned 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 a specific purpose 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.

**Delaware County E-911 Governing Authority**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

**I. Summary of Significant Accounting Policies (continued)**

*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.

**C. 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.

**D. 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**

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.

**Delaware County E-911 Governing Authority**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

**II. Stewardship, Compliance and Accountability (continued)**

**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, 2012, the Authority complied, in all material respects, with these investment restrictions.

**C. Revenue Restrictions**

The Authority's revenues are restricted solely for Delaware County E-911 purposes. For the year ended June 30, 2012, 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, 2012.

**E. Budgetary Comparison**

The Authority did not adopt a budget because it is legally not required to do so and, therefore presentation of budgetary comparison information is not required.

**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, 2012, none of the Authority's deposits was exposed to custodial credit risk.



**Delaware County E-911 Governing Authority**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2012**

**III. Detailed Notes Concerning the Funds (continued)**

*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, 2011	Additions	Disposals	Balance June 30, 2012
Governmental Activities:				
Depreciable assets:				
Equipment	\$ 451,461.20	\$ 16,456.00	\$	\$ 467,917.20
Accumulated Depreciation:				
Equipment	(137,845.22)	(24,539.42)	-	(162,384.64)
Net Capital Assets	<u>\$ 313,615.98</u>	<u>\$ (8,083.42)</u>	<u>\$ -</u>	<u>\$ 305,532.56</u>

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

**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 four 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.

**Delaware County E-911 Governing Authority  
Notes to the Financial Statements  
For the Year Ended June 30, 2012**

**IV. Other Information (continued)**

**B. Defined Benefit Pension Plan (continued)**

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, 2012, 2011, and 2010 are summarized as follows:

Year Ending June 30,	
2012	\$10,614.32
2011	\$11,693.40
2010	\$3,086.58

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.

**B. Commitments and Contingencies**

As of February 2010, the Authority is 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, in the eventuality that the lawsuits are lost.

**C. Subsequent Events**

Management has evaluated subsequent events through January 15, 2013, which is the date the financial statements were available to be issued. It should be noted that the Authority entered into a five year service agreement with AT&T to provide Central Managed E-911 Services. The lease was signed in May 2012, but the service was not commenced until September 2012. The agreement requires a one-time service connection charge of \$80,000 with annual service charges of \$39,147.60 for five years.

**E. Correction of an Error**

The beginning fund balance was overstated the prior year by \$9,928.73 due to retirement expense not being recognized correctly in the prior year. To correct this error, the beginning fund balance of \$711,897.94, as originally reported, has been decreased to \$701,969.21.