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**9-1-1 ASSOCIATION OF CENTRAL  
OKLAHOMA GOVERNMENTS**

**Basic Financial Statements  
for the Year Ended June 30, 2011  
and Independent Auditors' Reports**



**9-1-1 Association of Central Oklahoma Governments  
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For the Year Ended June 30, 2011**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the  
9-1-1 Association of Central Oklahoma Governments

We have audited the accompanying financial statements of the governmental activities and major fund of the 9-1-1 Association of Central Oklahoma Governments ("9-1-1 ACOG"), as of and for the year ended June 30, 2011, which collectively comprise 9-1-1 ACOG's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of 9-1-1 ACOG's 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of 9-1-1 ACOG, as of June 30, 2011, and the respective changes in financial position 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 October 14, 2011, on our consideration of 9-1-1 ACOG's internal control over financial reporting and on 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other



knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 9-1-1 ACOG's basic financial statements. The other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements of 9-1-1 ACOG. The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Adridge Associates, P.C.*  
Edmond, Oklahoma  
October 14, 2011





9-1-1 association of central oklahoma governments

Chair Ken Bartlett  
Del City Councilmember

Vice-Chair David Dirkschneider  
Warr Acres Councilmember

Secretary/Treasurer Linda Molsbee  
Newcastle Councilmember

Executive Director  
John G. Johnson

## Management's Discussion and Analysis (Unaudited)

As management of the 9-1-1 Association of Central Oklahoma Governments (9-1-1 ACOG), we offer readers of 9-1-1 ACOG's financial statements this narrative overview and analysis of the financial activities of 9-1-1 ACOG for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at 9-1-1 ACOG's financial performance as a whole; readers are encouraged to consider information presented here as well as the financial statements and notes to enhance their understanding of 9-1-1 ACOG's financial performance.

### Financial Highlights

#### Government-wide:

- The assets of 9-1-1 ACOG exceeded its liabilities at the close of the most recent fiscal year by \$8,343,868 (*net assets*). Of this amount, \$6,289,244 (*unrestricted net assets*) may be used to meet 9-1-1 ACOG's ongoing obligations to the member local governments and creditors.
- 9-1-1 ACOG's total net assets increased by \$1,244,038. This increase is primarily due to controlling expenses in anticipation of the high cost of future systems.

#### Fund Level:

Governmental Accounting Standards Board (GASB) Statement No. 54 provides new fund balance classifications for governmental funds, including 9-1-1 ACOG's special revenue fund. The previous reserved and unreserved classifications, as well as the designated and undesignated sub classifications, have been replaced with nonspendable, restricted and assigned. Additional information on 9-1-1 ACOG's fund balances can be found in the notes to the financial statements on pages 17 - 24 of this report.

- At the close of the current fiscal year, 9-1-1 ACOG's governmental fund reported an ending fund balance of \$6,995,001, a decrease of \$996,567 in comparison with the prior year. Approximately 88.8 percent of this amount, \$6,209,394, is *available for spending* at 9-1-1 ACOG's discretion (*assigned fund balances*) although the 9-1-1 ACOG Board of Directors has *assigned* \$1,891,293 for future operations and \$350,813 for future system improvements while the remaining \$3,967,288 is *assigned* to the E9-1-1 emergency telephone number system.
- At the end of the fiscal year, the unrestricted fund balance, including all assigned balances, of the special revenue fund (9-1-1 ACOG's only fund) was \$6,209,394 or 119 percent of total special revenue fund expenditures.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to 9-1-1 ACOG's basic financial statements. 9-1-1 ACOG's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of 9-1-1 ACOG's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of 9-1-1 ACOG's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of 9-1-1 ACOG is improving or deteriorating.

The *statement of activities* presents information showing how 9-1-1 ACOG's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements include functions of 9-1-1 ACOG that are principally supported by grants and telephone company service charges (*governmental activities*). 9-1-1 ACOG has no functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*) and has no component units.

The government-wide financial statements can be found on pages 12 - 13 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. 9-1-1 ACOG, like other similar governmental entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 9-1-1 ACOG only has a special revenue fund, which belongs to the category of governmental funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term

impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

9-1-1 ACOG only maintains one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance.

The basic governmental fund financial statements can be found on pages 14 - 16 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 - 24 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *other supplementary information*. Although not legally required to do so, 9-1-1 ACOG does adopt an annual budget for its fund. A budgetary comparison schedule has been provided to demonstrate compliance with this budget and is presented on page 25 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of 9-1-1 ACOG, assets exceeded liabilities by \$8,343,868 at June 30, 2011, as compared with assets exceeding liabilities by \$7,099,830 at June 30, 2010. A portion (16.2 percent) of 9-1-1 ACOG's net assets reflect its investment in capital assets (equipment and intangible map database), less any related debt used to acquire those assets that is still outstanding. 9-1-1 ACOG uses these capital assets to operate and to provide services; consequently, these assets are *not* available for future spending. Although 9-1-1 ACOG's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table reflects the condensed Statement of Net Assets compared to the prior year. The adoption of GASB 54 had no effect on prior year governmental activities net assets.

requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, 9-1-1 ACOG's special revenue fund reported ending fund balances of \$6,995,001, a net decrease of \$996,567 in comparison with the prior year. Approximately 27 percent (\$1,891,293) has been *assigned* for operations; approximately 5 percent (\$350,813) has been *assigned* for future system improvements, and approximately 56.7 percent has been assigned for E9-1-1 emergency telephone number system expenditures. *Assignments* reflect the 9-1-1 ACOG Board of Directors' self-imposed limitations on the use of otherwise available current financial resources and are subject to change. The remainder of fund balance is not available for new spending because approximately 1.1 percent (\$79,850) is *unspendable* because it consists of prepaid items and approximately 10.2 percent (\$705,757) is *restricted* for debt service per the note payable escrow agreement.

The decrease in fund balance is attributable to the capital outlay expenditures in the current fiscal year which were financed by the note proceeds received in the prior year.

The special revenue fund is the only fund used by 9-1-1 ACOG since its only function or program is the acquisition, implementation and administration of the E9-1-1 emergency telephone number system. This is the reason why 9-1-1 ACOG has no *unassigned* fund balance.

### **Budgetary Highlights**

Due to time constraints and the fact that 9-1-1 ACOG is not legally required to adopt a budget for its funds, there was no budget amendment for the fiscal year ended June 30, 2011. The differences between the budget and the actual amounts are primarily due to 9-1-1 ACOG maintaining a fiscally conservative budget. The differences can be summarized as follows:

- Net wireless telephone company service charge revenue was \$236,020 greater than budgeted. This is due to 9-1-1 ACOG remaining conservative since there was still not much history to aid in budget estimations and the fiscal year 2011 budget number was based on fiscal year 2010 collections. In addition, the Oklahoma Tax Commission began collecting service charge fees from prepaid wireless service retailers and starting remitting those to 9-1-1 ACOG beginning with April 2011 collections.
- Net wireline telephone company service charge revenue was \$88,631 greater than budgeted. This is due to 9-1-1 ACOG being extremely conservative and budgeting for a 10% annual loss in the declining wireline revenue while the actual annual loss was only 7.1%.
- Net VoIP telephone company service charge revenue was \$12,192 greater than budgeted. This revenue category was still new and was budgeted based on fiscal year 2010 collections but there was obviously growth in either number of customers or reporting by VoIP providers.
- Contract revenue was \$50,142 less than budgeted due to using inaccurate estimates of the costs to be included in the actual new EMSA contract.
- Due to being fiscally conservative and budgeting all known possible expenditures as well as implementation timing differences in the costs associated with the

replacement of the 9-1-1 answering system, actual expenditures for ACOG administration were \$178,360 less than budgeted; maintenance and operation fees - telephone companies were \$234,265 less than budgeted; legal services were \$35,000 less than budgeted; consultants were \$33,530 less than budgeted; legal services were \$33,300 less than budgeted; and capital outlay was \$28,500 less than budgeted.

- Repairs, maintenance and warranty expenditures were \$72,802 more than budgeted due to the delay in the replacement of the 9-1-1 answering system that necessitated maintenance contracts on the existing system to be extended longer than budgeted.

**Capital Asset and Long-Term Debt Administration**

**Capital assets.** 9-1-1 ACOG’s investment in capital assets for its governmental type activities as of June 30, 2011, amounts to \$2,671,976 (net of accumulated depreciation and amortization). This investment in capital assets includes leased equipment, equipment, and an intangible map database. The total increase in 9-1-1 ACOG’s investment in capital assets for the current fiscal year was \$1,528,922 or approximately 133.8 percent, over last year. The major capital asset event during the current fiscal year was the completion of the acquisition of the new NextGen 9-1-1 answering system. Per terms of the contract with the vendor, 9-1-1 ACOG paid the second 25%, \$684,969, due upon delivery and the third 25%, \$684,969, due upon installation of 11 PSAPs. 9-1-1 ACOG accrued the final 25%, \$684,969, due upon completion of all PSAPs and final acceptance of the system. Final acceptance was subsequently authorized at the September 2011 Board of Directors’ meeting

**9-1-1 Association of Central Oklahoma Governments' Capital Assets**  
(net of depreciation)

	Governmental Activities		Total
	2011	2010	Percentage Change
Intangible map database	\$ 375,948	\$ 375,948	0.0%
Asset in progress	-	684,969	-100.0%
Leased equipment	2,293,273	70,314	3161.5%
Equipment	2,755	11,823	-76.7%
<b>Total</b>	<b>\$ 2,671,976</b>	<b>\$ 1,143,054</b>	<b>133.8%</b>

Additional information on 9-1-1 ACOG’s capital assets can be found in Note II.C. on pages 21 - 22 of this report.

**Long-term debt.** At the end of the current fiscal year, 9-1-1 ACOG had total long-term debt outstanding of \$1,323,109. Of this amount, \$17,526 is the balance due on the capital lease that financed the acquisition of the computer workstation equipment and the mapping display software during the fiscal year ended June 30, 2007. The remaining \$1,305,583 is the balance due on the note payable to finance the acquisition of the new NextGen 9-1-1 answering system. During 2010, 9-1-1 ACOG borrowed \$2,000,000 for 36 months at an interest rate of 3.67% from the Bank of Oklahoma to partially finance the new system. The balance of 9-1-1 ACOG’s total long-term debt decreased approximately 35 percent during the current fiscal year.

## 9-1-1 Association of Central Oklahoma Governments' Outstanding Debt

	Governmental Activities		Total
	2011	2010	Percentage Change
Capital leases	\$ 17,526	\$ 84,830	-79.3%
Notes payable	1,305,583	1,949,962	-33.0%
<b>Total</b>	<b>\$ 1,323,109</b>	<b>\$ 2,034,792</b>	<b>-35.0%</b>

Additional information on 9-1-1 ACOG's capital leases can be found in Note II.D. on pages 22 - 23 of this report .

### Economic Factors and Next Year's Budget

The fiscal year 2012 9-1-1 ACOG budget provides for the completion of the installation and maintenance of the new next generation E9-1-1 answering system, including equipment and networks for voice/data. Included in the fiscal year 2011 budget, through its administration agreement with ACOG, are the continued administration of the finances of the system, contract management with the 60 plus wireline telephone service providers, coordination with 10 wireless telephone service carriers, establishment and maintenance of the E9-1-1 system database, associated geographical information system (GIS), training of instructors and call-takers (telecommunicators), comprehensive public education program efforts to promote the proper utilization of the system (including TDD, wireless, VOIP and Language Line), and ongoing efforts for maintenance of E9-1-1 system equipment, software and management information systems as well as continued maintenance and enhancement efforts associated with implementation Wireless E9-1-1 Phase II service for the region.

The approved budget for fiscal year 2012 is conservative and does not project any increase in either net wireless or VOIP telephone company service charges, while it does project a 10% decrease in net wireline telephone company service charges, based upon historical declines and the continued migration from landline to wireless or VoIP technology. The budget does not include using any fund balance for spending in fiscal year 2012.

### Requests for Information

This financial report is designed to provide a general overview of 9-1-1 ACOG's finances for all those with an interest in 9-1-1 ACOG's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Director of Finance, 9-1-1 Association of Central Oklahoma Governments, 21 E. Main Street, Suite 100, Oklahoma City, OK 73104-2400.

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**9-1-1 Association of Central Oklahoma Governments**  
Notes to the Financial Statements  
June 30, 2011

regardless of the timing of the related cash flows. Telephone company service charges are recognized as revenues in the year for which they are due. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Telephone company service charges, federal grant revenue, contract revenue and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by 9-1-1 ACOG.

9-1-1 ACOG reports the following major governmental fund:

The *special revenue fund* is used to account for 9-1-1 ACOG operations. The major revenue source is a service charge, collected by the telephone companies and prepaid wireless retailers serving the 9-1-1 ACOG member entities. The Oklahoma Tax Commission now collects all service charges for prepaid wireless service and remits them to the applicable entities, including 9-1-1 ACOG, while the telephone companies remit the service charges for other types of service directly to 9-1-1 ACOG. Other revenue sources include contract revenues, interest income and other miscellaneous sources.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, 3) capital grants and contributions, and 4) investment earnings. There are no general revenues since all revenues are attributable to 9-1-1 ACOG's single program.

Although it has no formal policy, when both restricted and unrestricted resources are available for use, it is 9-1-1 ACOG's normal practice to use restricted resources first, and then unrestricted resources as they are needed.

**D. Assets, liabilities, and net assets or equity**

**9-1-1 Association of Central Oklahoma Governments**  
Notes to the Financial Statements  
June 30, 2011

*1. Deposits and investments*

9-1-1 ACOG's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

9-1-1 ACOG's investments consist of one certificate of deposit at a commercial bank that is entirely insured by federal depository insurance. All investments are reported at fair value.

9-1-1 ACOG's restricted cash and cash equivalents consists of an escrow account that was required to be established at the financial institution that loaned 9-1-1 ACOG \$2,000,000 for equipment procurement. 9-1-1 ACOG was required to deposit the amount of one year's debt service, \$705,058. These funds, as well as the interest earned on them, must remain in this escrow account during the 36 month life of the note. The funds will be disbursed to service the final 12 months of debt service and any remaining balance will then become available to 9-1-1 ACOG.

*2. Prepaid items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

*3. Capital assets*

Capital assets, which include computer equipment, software, an intangible map database and assets in progress, are reported in the statement of net assets. Capital assets are defined by 9-1-1 ACOG as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over estimated useful lives of 3 – 7 years. The intangible map database asset has an indefinite life and is not being amortized.

*4. Long-term obligations*

In the statement of net assets, long-term capital leases and notes payable are reported as liabilities in the governmental activities statement of net assets.

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In the fund financial statements, the special revenue governmental fund reports proceeds of capital leases and notes payable as other financing sources.

*5. Fund balance*

Beginning with the fiscal year ended June 30, 2011, 9-1-1 ACOG implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The classifications used in the special revenue fund financial statements are as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form, such as prepaid items, or because the resources must be maintained intact pursuant to legal or contractual requirements.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws and regulations of other governments.
- Assigned – includes fund balance amounts that are intended to be used by 9-1-1 ACOG for specific purposes that do not meet the criteria to be classified as restricted.

Beginning fund balances of 9-1-1 ACOG's special revenue fund have been restated to reflect the above classifications.

9-1-1 ACOG does not have a formal minimum fund balance policy. The Board of Directors did establish two fund balance goals. The first goal is to have an amount equal to 33 percent of total expenditures plus the amount of payments to 9-1-1 ACOG member entities be assigned for future operations. The second goal is to have an amount equal to 25% of the estimated system equipment replacement cost times the percentage through the current financing (lease or note) be assigned for future system improvements.

9-1-1 ACOG would normally use Restricted fund balances first and then Assigned resources, as appropriate opportunities arise.

**II. Detailed notes on all funds**

**A. Deposits and investments**

At year-end, 9-1-1 ACOG's carrying amount of deposits was \$7,169,616 and the bank balance was \$7,386,605. \$705,757 of both amounts was restricted cash. Of the bank balance, \$2,429,622 was fully covered by federal depository insurance. \$4,284,237 was fully collateralized by US Treasury Notes valued at their current

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Notes to the Financial Statements

June 30, 2011

market price of \$4,903,981, held at the Federal Reserve Bank of New York. \$455,757, all restricted cash, was fully collateralized by US Treasury and Agency securities pledged to the Bank of Oklahoma (both lender and escrow agent) valued at their current market price of \$464,872 held at the Federal Home Loan Bank Topeka.

9-1-1 ACOG's investments of \$99,860 consist of one certificate of deposit at a commercial bank that is entirely insured by federal depository insurance.

**B. Receivables**

Receivables as of year-end for 9-1-1 ACOG are as follows:

Wireless service charges, net and interest	\$ 414,468
Wireline telephone company service charges, net	166,594
VoIP telephone company service charges, net	8,087
Contracts	21,422
Interest	40
Other	519
Total	<u>\$ 611,130</u>

The special revenue governmental fund reports *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The special revenue governmental fund also defers revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, there was no *deferred revenue* that was unavailable and there was no *unearned revenue* reported in the special revenue fund.

**C. Capital assets**

Capital asset activity for the year ended June 30, 2011 was as follows:

## **9-1-1 Association of Central Oklahoma Governments**

### **Notes to the Financial Statements**

June 30, 2011

casualty, and public officials' liability. There have been no significant reductions in insurance coverage. 9-1-1 ACOG does retain the first \$1,000 - \$5,000, depending on the policy, of each risk of loss in the form of deductibles. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### **B. Related party transactions**

In 1988, 9-1-1 ACOG entered into an agreement with the Association of Central Oklahoma Governments (ACOG) for administration of the E9-1-1 emergency telephone number system. In this capacity, ACOG is responsible for the acquisition, implementation, and administration of the 9-1-1 system for the suburban communities, excluding the City of Oklahoma City.

During the fiscal year ended June 30, 2011, 9-1-1 ACOG again entered into an agreement with the City of Oklahoma City to provide certain program services and develop certain work products of benefit to the City in the support of the City's delivery of 9-1-1 services. These services are provided to the City of Oklahoma City through 9-1-1 ACOG's agreement with ACOG.

9-1-1 ACOG reimburses ACOG for all costs incurred to fulfill all these responsibilities, which include but are not limited to, updating the Master Street Address Guide, coordinating public education campaigns, training 9-1-1 emergency staff for the 9-1-1 ACOG member entities and providing professional services to the City of Oklahoma City. 9-1-1 ACOG recorded expenditures under this agreement for the year ended June 30, 2011, amounting to \$1,100,993 of which \$45,759 was for providing professional services to the City of Oklahoma City. Year-end accounts payable include \$89,707 under this agreement of which \$16,713 is also receivable from the City of Oklahoma City for professional services rendered.

Several individuals serving as officers or directors of 9-1-1 ACOG also hold similar positions with ACOG.

#### **C. Contingent liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability to 9-1-1 ACOG. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although 9-1-1 ACOG expects such amounts, if any, to be immaterial.

**9-1-1 Association of Central Oklahoma Governments**  
**Budgetary Comparison Schedule**  
**Governmental Funds - Special Revenue Fund**  
**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Budget Positive (Negative)</u>
<b>REVENUES</b>			
Wireless telephone company service charges, net of collection fees	\$ 2,284,261	\$ 2,520,281	\$ 236,020
Wireline telephone company service charges, net of collection fees	1,252,926	1,341,557	88,631
VoIP telephone company service charges, net of collection fees	46,793	58,985	12,192
Federal grant	61,310	61,310	-
Contract revenue	265,000	214,858	(50,142)
Interest income	7,500	10,860	3,360
Miscellaneous revenue	-	789	789
Total revenues	<u>3,917,790</u>	<u>4,208,640</u>	<u>290,850</u>
<b>EXPENDITURES</b>			
Current:			
E 9-1-1 emergency telephone number system			
ACOG administration	1,279,353	1,100,993	178,360
Maintenance and operation fees-telephone companies	858,847	624,582	234,265
Repairs, maintenance and warranty	309,427	382,229	(72,802)
Legal services	35,000	-	35,000
Consultants	35,000	1,470	33,530
Training	22,815	23,390	(575)
Insurance	13,100	8,990	4,110
Other	2,000	351	1,649
Debt service:			
Principal	711,295	711,683	(388)
Interest	65,240	64,851	389
Capital outlay	2,083,406	2,054,906	28,500
Total expenditures	<u>5,415,483</u>	<u>4,973,445</u>	<u>442,038</u>
Excess (deficit) of revenues over expenditures before payments to 9-1-1 ACOG member entities	(1,497,693)	(764,805)	732,888
Payments to 9-1-1 ACOG member entities	231,762	231,762	-
Excess (deficit) of revenues over expenditures	<u>(1,729,455)</u>	<u>(996,567)</u>	<u>732,888</u>
Fund balance-beginning	7,991,568	7,991,568	-
Fund balance-ending	<u>\$ 6,262,113</u>	<u>\$ 6,995,001</u>	<u>\$ 732,888</u>

**9-1-1 Association of Central Oklahoma Governments**  
Information on Budgetary Comparison Schedule  
June 30, 2011

1. **Budgetary Information**

Budgets for the special revenue fund are adopted on an available resources basis but are converted to a basis consistent with accounting principles generally accepted in the United States of America. A proposed budget and work program for the ensuing fiscal year is submitted by the 9-1-1 ACOG Executive Director to the Budget Committee during June of each year. The budget must be balanced. The 9-1-1 ACOG Board of Directors votes to adopt the budget approved by the Budget Committee for the ensuing fiscal year, subject to amendment or modification, during its June meeting. Expenditures in excess of approved budget amounts must be approved by the 9-1-1 Board of Directors in advance. In May of each year, the 9-1-1 ACOG Board of Directors adopts the amendment to its current year budget, if one is needed. There was no amendment to the fiscal year 2010 budget.

**9-1-1 Association of Central Oklahoma Governments  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011**

Federal Grantor/Pass-Through Agency Grant Program Title	CFDA Number	Pass-Through Grantor's Reference	Amount Provided to Subrecipients
			Expenditures
<b>U.S. Department of Transportation</b> National Highway Traffic Safety Administration Passed-through Oklahoma Department of Public Safety E-911 Grant Program	20.615	NHTSA20080142	61,310
<b>Total Expenditures of Federal Awards</b>			\$ 61,310 \$



**FILED**

OCT 31 2011

State Auditor's Office

**9-1-1 ASSOCIATION OF CENTRAL  
OKLAHOMA GOVERNMENTS**

**AUDIT COMMUNICATION LETTER**

**For the Year Ended June 30, 2011**





October 14, 2011

To the Board of Directors of the  
9-1-1 Association of Central Oklahoma Governments

We have audited the financial statements of the 9-1-1 Association of Central Oklahoma Governments ("9-1-1 ACOG") for the year ended June 30, 2011 and have issued our report thereon dated October 14, 2011.

Our professional standards require that we communicate with you concerning certain matters that may be of interest to you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of 9-1-1 ACOG is responsible. Our comments to assist the Board of Directors in fulfilling that obligation are presented in Exhibit I.

\*\*\*\*\*

This information is intended solely for the use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.

We will be pleased to discuss these comments with you further at your convenience.

Sincerely,

Arledge & Associates, P.C.

Arledge & Associates, P.C.

