

**Circuit Engineering  
District No. 4  
Shawnee, Oklahoma**

Financial Statements and Report of Auditors'  
Report For The Years Ended  
June 30, 2010 and 2009

Audited by

**SANDERS, BLEDSOE & HEWETT  
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

Broken Arrow, Oklahoma

**Circuit Engineering District No. 4**  
**Shawnee, Oklahoma**

Board of Directors  
June 30, 2010

Board of Directors

President	Gary Starns
Vice-President	Johnny D. Ward
Secretary	Buck Day
Treasurer	Gary Gray
Member	Dale Fipps
Member	Pat McGinnis
Member	Ted Eberle
Member	Mike Thompson

District Manager

Matt Goodson

**Circuit Engineering District No. 4**  
**Shawnee, Oklahoma**

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# SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

## **Independent Auditor's Report**

The Board of Trustees  
Circuit Engineering District No. 4  
Shawnee, Oklahoma

We have audited the accompanying balance sheet of Circuit Engineering District No. 4, Shawnee, Oklahoma, for the year ended June 30, 2010, and the related statements of revenues, expenses and retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 *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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2010, and the related statements of revenues, expenses, changes in retained earnings and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The District elected to omit the Management Discussion and Analysis which is required by the *Government Auditing Standards Board*, as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 18, 2010, on our consideration of the District'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 read in conjunction with this report in considering the results of our audit.

Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP  
December 18, 2010



# SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLAINTS AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STANDARDS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Directors  
Circuit Engineering District No. 4  
Shawnee, Oklahoma

We have audited the financial statements of the Circuit Engineering District No. 4, Shawnee, Oklahoma, (the District) as of and for the year ended June 30, 2010, and have issued our report thereon dated December 18, 2010. The District has elected to omit the Management Discussion and Analysis, which is required by the Governmental Accounting Standards Board, as described in Note 1. 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 District's internal control over financial reporting in order to determine 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 District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepting accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 that are required to be reported under *Government Auditing Standards*.

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



Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

December 18, 2010

**Circuit Engineering District No. 4  
Schedule of Findings and Responses  
For the Year Ended June 30, 2010**

None

**Circuit Engineering District No. 4  
Disposition of Prior Year's Findings  
For the Year Ended June 30, 2009**

None



**Circuit Engineering District No. 4****Balance Sheets**

June 30, 2010 and 2009

	<u>June 30,</u>	
	<u>2010</u>	<u>2009</u>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash in bank	\$ 621,503	592,014
Inventory	9,245	11,525
Accounts receivable	88,922	21,901
	<u>719,670</u>	<u>625,440</u>
 Fixed Assets	 101,384	 95,632
Less: accumulated depreciation	<u>(59,133)</u>	<u>(46,056)</u>
Total fixed assets (net)	<u>42,251</u>	<u>49,576</u>
 Total Assets	 <u>\$ 761,921</u>	 <u>675,016</u>
 <b><u>LIABILITIES AND EQUITY</u></b>		
 Current Liabilities	 <u>\$ 25,057</u>	 <u>75,938</u>
 Member Equity		
Retained earnings	<u>736,864</u>	<u>599,078</u>
 Total Liabilities and Member Equity	 <u>\$ 761,921</u>	 <u>675,016</u>

The accompanying notes are an integral part of the financial statements

**Circuit Engineering District No. 4**  
Statement of Revenues, Expenses, and Changes in Retained Earnings  
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>Revenue from Operations:</b>		
Intergovernmental revenue	\$ 426,063	-
ACCO revenues	-	15,150
Service revenue	217,778	258,705
Other income	3,622	480,941
Sign shop sales	<u>40,645</u>	<u>57,287</u>
Total revenues from operations	<u>688,108</u>	<u>812,083</u>
<b>Expenses from Operations:</b>		
Bank Charges	87	-
Business meeting expenses	4,821	-
Salaries	439,947	385,383
Engineering fees	74,840	68,408
Insurance	7,593	7,335
Repairs and maintenance	1,153	2,061
Travel expense	7,923	5,535
Telephone	976	1,028
Office supplies	4,339	6,804
Field supplies	78	937
Depreciation	13,077	9,070
Miscellaneous	1,596	766
Professional fees	36,500	21,740
Sign shop supplies	28,801	29,115
Training and education	155	8,932
Auto expense	4,367	3,436
Postage and delivery	616	-
Printing and reproduction	955	-
Contract labor	24,000	-
Licenses and permits	<u>736</u>	<u>-</u>
Total expenses from maintenance and operations	<u>652,560</u>	<u>550,550</u>
<b>Net Income (Loss) from Operations</b>	35,548	261,533
<b>Other Income</b>	<u>-</u>	<u>-</u>
<b>Net Income (Loss)</b>	35,548	261,533
<b>Retained Earnings, Beginning of Year</b>	599,078	337,545
<b>Prior Period Adjustment</b>	<u>102,238</u>	<u>-</u>
<b>Retained Earnings, End of Year</b>	<u><u>\$ 736,864</u></u>	<u><u>599,078</u></u>

The accompanying notes are an integral part of the financial statements.

**Circuit Engineering District No. 4**  
**Statement of Cash Flows**  
**For The Years Ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash received from customers & service users	\$ 621,087	815,732
Cash payments for goods, services & employees	<u>585,846</u>	<u>546,461</u>
Net cash provided by operating activities	<u>35,241</u>	<u>269,271</u>
Cash flows train investing activities:		
Gain on sale of fixed assets	-	-
Purchase of capital assets	<u>(5,752)</u>	<u>(30,042)</u>
Total cash flows from investing activities	<u>(5,752)</u>	<u>(30,042)</u>
Net Increase (Decrease) in Cash	29,489	239,229
Cash and cash equivalents, beginning of period	<u>592,014</u>	<u>352,785</u>
Cash and cash equivalents, end of period	<u>\$ 621,503</u>	<u>592,014</u>
Cash flows from Operating Activities:	\$ 35,548	261,533
Income (loss)		
Adjustments to reconcile net income to		
net cash provided by operating activities:		
Depreciation	13,077	9,070
(Increase) decrease in accounts receivable	(67,021)	3,649
(Increase) decrease in inventory	2,280	2,180
(Increase) decrease in accounts payable	<u>50,881</u>	<u>(7,161)</u>
Total cash flows from operating activities	<u>\$ 34,765</u>	<u>269,271</u>

The accompanying notes are an integral part of the financial statements.

# **Circuit Engineering District No. 4**

## **Shawnee, Oklahoma**

Notes to the Financial Statements  
June 30, 2010

### **Note A – Significant Accounting Policies**

#### Organization

The District was established in April, 1999, by authority of Title 74, Chapter 31, Interlocal Cooperation Act and Title 69, Section 687.1 Circuit Engineering Districts of Oklahoma Statutes. The District became operational in December 2002. The purposes of the district are to advise and assist its members with how to implement and make an effective transportation plan for the best interest of each member of the Circuit Engineering District. The members of the District are Coal county, Hughes County, Johnston County, Lincoln County, Okfuskee County, Pontotoc County, Pottawatomie County and Seminole County

#### *Basis of Accounting*

The accrual basis of accounting is followed for all accounts. Revenues are recorded when earned and accrued liabilities are recognized when incurred. This policy is in accordance with accounting principles generally accepted in the United States and Government Accounting Standards (GASB) principles. However, the principles established by GASB require that a management's discussion and analysis, which the District has elected to omit.

#### *Cash*

The District's accounts are all adequately covered by FDIC coverage or collateral pledged at June 30, 2010.

#### *Investments*

The District had no investments at June 30, 2010.

#### *Accounts Receivable*

Billings for accounts receivable at June 30, 2010 and 2009 are \$88,922, and \$21,901, respectively. No allowance for doubtful accounts was computed which is not considered to be material to the financial statements. The aging of these accounts is detailed as follows:

	<u>2010</u>	<u>2009</u>
00-30	\$ 23,802	-0-
31-60	2,792	21,901
61-90	19,600	-0-
>90	<u>42,728</u>	<u>-0-</u>
Total	<u>\$ 88,922</u>	<u>21,901</u>

**Circuit Engineering District No. 4**  
**Shawnee, Oklahoma**

Notes to the Financial Statements  
June 30, 2010

**Fixed Assets**

Fixed assets are valued at cost, depreciation is computed by use of the straight lien method. Estimated useful life of these assets is as follows:

Office equipment	5 years
Machinery & equipment	5 years
Vehicles	5 years

**Federal Income Tax**

The District is exempt from federal and state income taxes.

**Prior Period Adjustment**

The prior period adjustment of \$102,238 reflects a correction to retained earnings reported in the prior year's financial statements. Liabilities were overstated and accounts receivable were understated for a net increase to retained earnings of \$102,238.