

FILED

OCT 13 2011

State Auditor & Inspector

Rec: 016703

**EASTERN SEQUOYAH COUNTY 911 REGIONAL
TRUST AUTHORITY**

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010



PRZYBYSZ
& ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

**EASTERN SEQUOYAH COUNTY 911 REGIONAL
TRUST AUTHORITY
JUNE 30, 2011 AND 2010**

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-6
Financial Statements	
Statement of Net Assets.....	7
Statement of Revenue, Expenses, and Changes in Net Assets.....	8
Statements of Cash Flows.....	9
Notes to Financial Statements.....	10-12
Additional Required Report	
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.....	13-14



PRZYBYSZ

& ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A Professional Corporation

Independent Auditors' Report

To the Board of Directors
Eastern Sequoyah County 911 Regional Trust Authority
Muldrow, Oklahoma

We have audited the accompanying financial statements of the Eastern Sequoyah County 911 Regional Trust Authority, as of and for the years ended June 30, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Eastern Sequoyah County 911 Regional Trust Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide 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 Eastern Sequoyah County 911 Regional Trust Authority, as of June 30, 2011 and 2010, and the results of its operations and its cash flows years 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 September 14, 2011, on our consideration of the Eastern Sequoyah County 911 Regional Trust Authority'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 on pages 3 through 6 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 supplemental 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 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.

Przybysz & Associates

**Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
September 14, 2011**

MANAGEMENT'S DISCUSSION AND ANALYSIS

**EASTERN SEQUOYAH COUNTY 911 TRUST AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

This section of the Eastern Sequoyah County 911 Regional Trust Authority annual financial report presents the analysis of the Authority's financial performance during the fiscal year ended June 30, 2011. This information is presented in conjunction with the audited basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Authority ended the year June 30, 2011 with a net asset balance of \$262,389.
- The change in net assets or net loss of the Authority was an increase of \$32,734.
- The statement of cash flows identifies sources and uses of cash activity for the fiscal year. For fiscal year 2011, cash and cash equivalents decreased by \$20,913. Cash provided by operating activities was \$10,328. Cash used to purchase capital assets totaled \$26,429. Cash provided by investing activities netted \$31.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of the following parts: Management's Discussion and Analysis and Basic Financial Statements. The financial statements include notes which explain in detail some of the information included in the basic financial statements.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the Authority report information utilizing the full accrual basis of accounting. The Financial Statements conform to accounting principles which are generally accepted in the United States of America. The Statement of Net Assets include information on the Authority's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). The Statement of Revenues, Expenses and Changes in Net Assets identify the Authority's revenues and expenses for the fiscal year ended June 30, 2011. This statement provides information on the Authority's operations over the past fiscal year and can be used to determine whether the Authority has recovered all of its actual and projected costs through user fees and other charges. The third financial statement is the Statement of Cash Flows. This statement provides information on the Authority's cash receipts, cash payments and changes in cash resulting from operations, investments and financing activities. The net result of these activities added to the beginning of the year cash balance total to the cash equivalent balance at the end of the current fiscal year.

**EASTERN SEQUOYAH COUNTY 911 TRUST AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

CONDENSED FINANCIAL INFORMATION

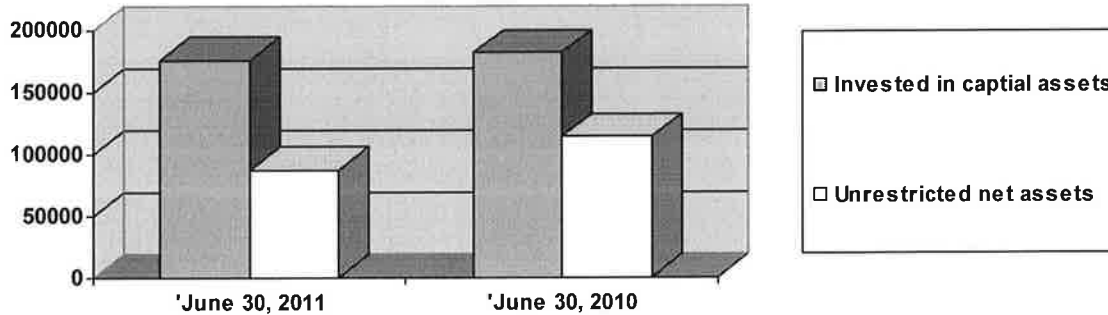
Condensed financial information from the statement of net assets as of June 30, 2011 and 2010 and the statement of revenues, expenses and changes in net assets for the years then ended are as follows:

	June 30,	
	2011	2010
Current assets	\$ 92,209	\$ 120,666
Capital assets, net	175,453	180,743
Total assets	<u>267,662</u>	<u>301,409</u>
Current liabilities	5,273	6,996
Total liabilities	<u>5,273</u>	<u>6,996</u>
Net assets:		
Invested in capital assets	175,453	180,743
Unrestricted	86,936	113,670
Total net assets	<u>\$ 262,389</u>	<u>\$ 294,413</u>
Operating revenues	\$ 88,808	\$ 114,716
Operating expenses, excluding depreciation	84,980	77,236
Depreciation	36,562	35,986
Total operating expenses, including depreciation	<u>121,542</u>	<u>113,222</u>
Operating income	<u>(32,734)</u>	<u>1,494</u>
Nonoperating revenues		
Interest income	710	1,187
Total nonoperating revenue	<u>710</u>	<u>1,187</u>
Change in net assets	(32,024)	2,681
Beginning of year net assets	<u>294,413</u>	<u>291,732</u>
End of year net assets	<u>\$ 262,389</u>	<u>\$ 294,413</u>

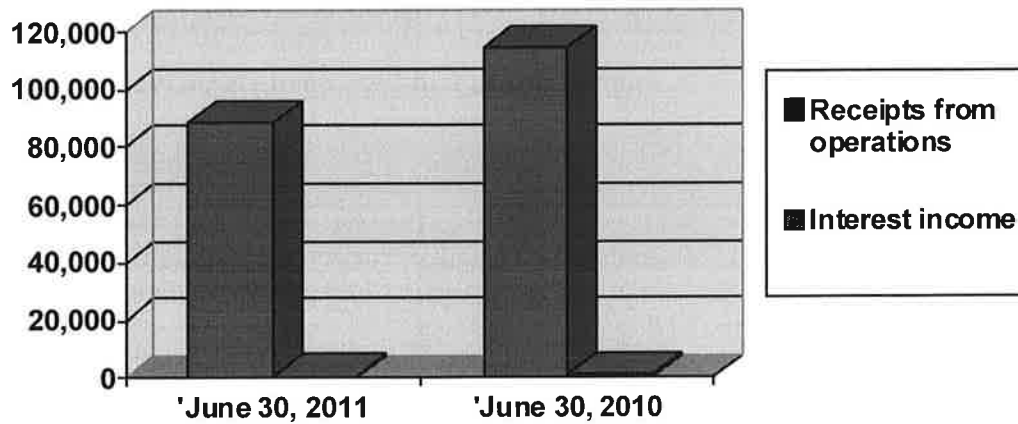
**EASTERN SEQUOYAH COUNTY 911 TRUST AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

CONDENSED FINANCIAL INFORMATION (CONTINUED)

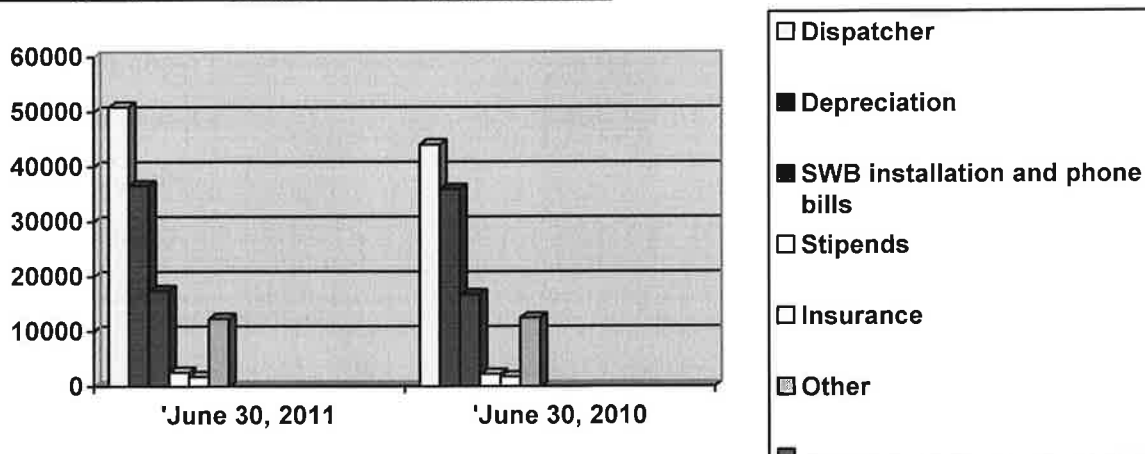
Classifications of net assets presented in a graph format



Sources of operating and nonoperating revenues in a graph format



Operating expenses presented in a graph format



**EASTERN SEQUOYAH COUNTY 911 TRUST AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

CAPITAL ASSETS

The Authority's capital assets as of June 30, 2011 and 2010 amounted to \$175,453 and \$180,743 (net of accumulated depreciation) respectively. This investment in capital assets includes building improvements, office furniture, vehicle and 911 equipment.

Additions to capital assets for the year ended June 30, 2011 totaled \$31,272. The additions included a backup generator for \$21,300 and radio equipment for \$9,972.

LONG-TERM DEBT

As of June 30, 2011, the Authority had no debt.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the Authority's customers, investors and other interested parties with an overview of the Authority's financial operations and financial condition. Should the reader have questions regarding the information included in this report or need additional financial information, please contact the Eastern Sequoyah County 911 Regional Trust Authority, P.O. Box 375, Muldrow, OK 74948.

FINANCIAL STATEMENTS

EASTERN SEQUOYAH COUNTY 911 REGIONAL TRUST AUTHORITY

Statements of Net Assets

AS OF JUNE 30,	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	\$ 32,660	\$ 53,573
Certificates of deposit	58,705	57,936
Accounts receivable	204	8,500
Interest receivable	40	132
Prepaid insurance	600	525
Total Current Assets	92,209	120,666
Noncurrent Assets - Capital Assets		
Building improvements	8,172	8,172
Office furniture	1,758	1,758
Vehicle	13,013	13,013
911 equipment	544,425	513,153
Total	567,368	536,096
Less accumulated depreciation	391,915	355,353
Net Noncurrent Assets - Capital Assets	175,453	180,743
Total Assets	267,662	301,409
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	5,273	6,996
Total Liabilities	5,273	6,996
Net Assets		
Invested in capital assets, net of related debt	175,453	180,743
Unrestricted	86,936	113,670
Total Net Assets	\$ 262,389	\$ 294,413

See notes to financial statements.

EASTERN SEQUOYAH COUNTY 911 REGIONAL TRUST AUTHORITY

Statements of Revenues, Expenses, and Changes In Net Assets

FOR THE YEARS ENDED JUNE 30,	2011	2010
Operating Revenues	\$ 88,808	\$ 114,716
Operating Expenses		
SWB installation and phone bills	17,439	16,777
Contract labor	1,350	-
Office supplies	230	284
Postage	70	71
Dispatcher	50,906	44,069
Stipends	2,575	2,200
911 equipment purchases and maintenance	824	2,466
Truck expense	700	648
Miscellaneous expense	826	823
Insurance	1,750	1,745
Electric	232	242
Legal and accounting	7,965	7,911
Bank charges	113	-
Depreciation	36,562	35,986
Total Operating Expenses	121,542	113,222
Net Income (Loss) From Operations	(32,734)	1,494
Other Income		
Interest income	710	1,187
Total Other Income	710	1,187
Change in Net Assets	(32,024)	2,681
Net Assets at Beginning of Year	294,413	291,732
Net Assets at End of Year	\$ 262,389	\$ 294,413

See notes to financial statements.

EASTERN SEQUOYAH COUNTY 911 REGIONAL TRUST AUTHORITY

Statements of Cash Flows

FOR THE YEARS ENDED JUNE 30,	2011	2010
Cash Flows From Operating Activities		
Receipts from operations	\$ 93,436	\$ 115,117
Other receipts	3,667	6,838
Payments to suppliers and vendors	(86,775)	(76,538)
Net Cash Provided By Operating Activities	10,328	45,417
Cash Flows From Capital and Related Financing Activities		
Acquisition of property, plant and equipment	(31,272)	(26,429)
Net Cash Used in Capital and Related Financing Activities	(31,272)	(26,429)
Cash Flows From Investing Activities		
Interest income	801	1,185
Reinvestment of certificate of deposit earnings	(770)	(1,140)
Net Cash Provided By Investing Activities	31	45
Net Increase/(Decrease) in Cash and Cash Equivalents	(20,913)	19,033
Cash and Cash Equivalents At Beginning of Year	53,573	34,540
Cash and Cash Equivalents At End of Year	\$ 32,660	\$ 53,573
Reconciliation Of Operating Income To Net Cash Provided By Operating Activities		
Net income (loss) from operations	\$ (32,734)	\$ 1,494
Adjustments:		
Depreciation	36,562	35,986
Net change in assets and liabilities:		
Accounts receivable	8,295	1,417
Prepaid insurance	(74)	870
Accounts payable	(1,721)	5,650
Net Cash Provided By Operating Activities	\$ 10,328	\$ 45,417

See notes to financial statements.

EASTERN SEQUOYAH COUNTY 911 REGIONAL TRUST AUTHORITY

Notes to the Financial Statements

JUNE 30, 2011 AND 2010

1. Summary of Significant Accounting Policies

a. Nature of Operations

The Eastern Sequoyah County Regional 911 Trust Authority (the Authority) was formed April 10, 1995 as a public trust under the provisions of Title 60, Oklahoma Statutes 176 to 180, as amended and supplemented and other applicable statutes of the State of Oklahoma. The express purpose of the Authority is to provide for collection of, monitoring and safeguarding of public funds collected to pay for the installation and maintenance of the lines and equipment for 911 emergency phone services the designated areas of Sequoyah County of Eastern Oklahoma served by the 427 telephone prefix.

b. Financial Reporting

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting and reflect transactions on behalf of the Authority. The Authority accounts for its operations as an enterprise fund.

Under GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Government Entities that Use Proprietary Fund Accounting, the Authority has adopted the option to apply only those Financial Accounting Standards Board (FASB) statements and interpretations issued before November 30, 1989, that do not conflict with or contradict GASB pronouncements. Only GASB pronouncements issued after this date will be followed.

c. Capital Outlays and Depreciation

Capital outlays of the entity are recorded as fixed assets at cost when acquired and depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Building improvements	15
Office furniture	10
Vehicle	5
911 equipment	5-10

It is the Authority's policy to capitalize asset purchases equal to or more than \$500. Expenditures of less than \$500 are expensed at the time of purchase.

EASTERN SEQUOYAH COUNTY 911 REGIONAL TRUST AUTHORITY

Notes to the Financial Statements

JUNE 30, 2011 AND 2010

1. Summary of Significant Accounting Policies (continued)

d. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, 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 these estimates.

e. Statement of Cash Flows

For purposes of the statements of cash flows, the Authority considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

f. Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues that result from the ongoing principal operations of the entity. Operating revenues consist primarily of tariffs that are computed on income generated from the Town of Roland and Muldrow, and Sequoyah County, less an administration fee. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities.

g. Advertising

It is the policy of the entity to expense advertising cost as they are incurred.

2. Cash Deposits

The Authority has cash deposits in two local banks which were entirely FDIC insured.

3. Capital Assets

Capital asset activity for the years ended June 30, 2011 and 2010 was as follows:

As Of	July 1, 2010	Additions	Retirements	June 30, 2011
Building improvements	\$ 8,172	\$ -	\$ -	\$ 8,172
Office furniture and fixtures	1,758	-	-	1,758
Vehicle	13,013	-	-	13,013
911 equipment	513,152	31,273	-	544,425
Total	\$ 536,095	\$ 31,273	\$ -	\$ 567,368

EASTERN SEQUOYAH COUNTY 911 REGIONAL TRUST AUTHORITY

Notes to the Financial Statements

JUNE 30, 2011 AND 2010

3. Capital Assets (continued)

As Of	July 1, 2010	Additions	Retirements	June 30, 2011
Building improvements	\$ 8,172	\$ -	\$ -	\$ 8,172
Office furniture and fixtures	1,758	-	-	1,758
Vehicle	13,013	-	-	13,013
911 equipment	486,723	26,429	-	513,152
Total	\$ 509,666	\$ 26,429	\$ -	\$ 536,095

4. Insurance

The Authority has property insurance coverage through the Oklahoma Municipal Assurance Group and vehicle insurance through Progressive Insurance. Both policies are paid annually.

5. Concentrations of Risk

The entity receives a large portion of its operating income from AT&T (formerly the Southwestern Bell Telephone Company) in the form of tariffs. The tariffs are computed on the income generated from the Town of Roland and Muldrow, and Sequoyah County, less an administrative fee.

6. Subsequent Events

The Authority has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2011 through September 14, 2011, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

ADDITIONAL REQUIRED REPORT



PRZYBYSZ
& ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Corporation

**Report on Internal Control Over Financial Reporting and On
Compliance and Other Matters Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards**

To the Board of Directors
Eastern Sequoyah County 911 Regional Trust Authority
Muldrow, Oklahoma

We have audited the financial statements of the Eastern Sequoyah County 911 Regional Trust Authority as of and for the year ended June 30, 2011, and have issued our report thereon dated September 14, 2011. 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 Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

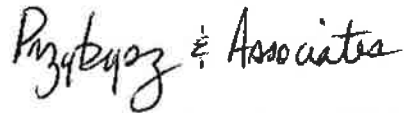
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination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

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. 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 a part of obtaining reasonable assurance about whether the 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 of the audit committee, management and the State of Oklahoma and should not be used by anyone other than these specified parties.



Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
September 14, 2011