

**EASTERN SEQUOYAH COUNTY 911
REGIONAL TRUST AUTHORITY**

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011



**EASTERN SEQUOYAH COUNTY 911 REGIONAL
TRUST AUTHORITY
JUNE 30, 2012 AND 2011**

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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, 2012 and 2011, 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, 2012 and 2011, 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 August 31, 2012, 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, CPAs, P.C.
Fort Smith, Arkansas
August 31, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

**EASTERN SEQUOYAH COUNTY 911 TRUST AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

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, 2012. 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, 2012 with a net asset balance of \$245,566.
- The change in net assets or net loss of the Authority was a decrease of \$16,823.
- The statement of cash flows identifies sources and uses of cash activity for the fiscal year. For fiscal year 2012, cash and cash equivalents decreased by \$1,459. Cash provided by operating activities was \$6,031. Cash used to purchase capital assets totaled \$7,515. Cash provided by investing activities netted \$25.

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, 2012. 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, 2012**

CONDENSED FINANCIAL INFORMATION

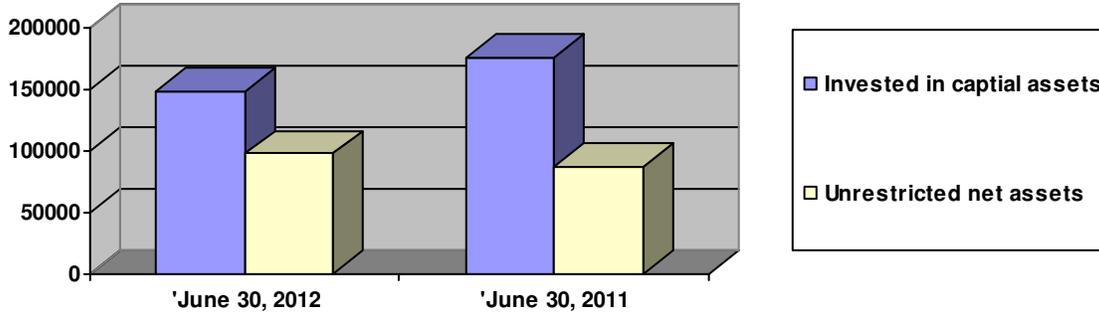
Condensed financial information from the statement of net assets as of June 30, 2012 and 2011 and the statement of revenues, expenses and changes in net assets for the years then ended are as follows:

	June 30,	
	2012	2011
Current assets	\$ 98,995	\$ 92,209
Capital assets, net	147,980	175,453
Total assets	<u>246,975</u>	<u>267,662</u>
Current liabilities	1,409	5,273
Total liabilities	<u>1,409</u>	<u>5,273</u>
Net assets:		
Invested in capital assets	147,980	175,453
Unrestricted	97,586	86,936
Total net assets	<u>\$ 245,566</u>	<u>\$ 262,389</u>
Operating revenues	\$ 95,016	\$ 88,808
Operating expenses, excluding depreciation	77,383	84,980
Depreciation	34,988	36,562
Total operating expenses, including depreciation	<u>112,371</u>	<u>121,542</u>
Operating income	<u>(17,355)</u>	<u>(32,734)</u>
Nonoperating revenues		
Interest income	532	710
Total nonoperating revenue	<u>532</u>	<u>710</u>
Change in net assets	(16,823)	(32,024)
Beginning of year net assets	<u>262,389</u>	<u>294,413</u>
End of year net assets	<u>\$ 245,566</u>	<u>\$ 262,389</u>

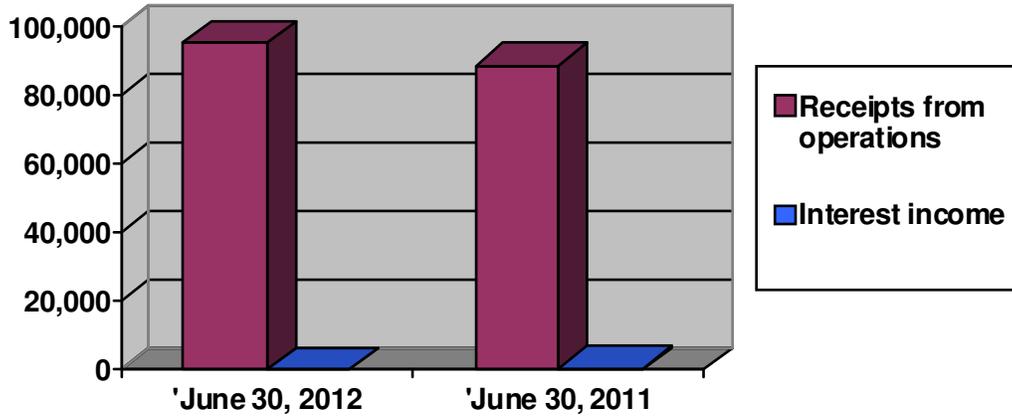
**EASTERN SEQUOYAH COUNTY 911 TRUST AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012**

CONDENSED FINANCIAL INFORMATION (CONTINUED)

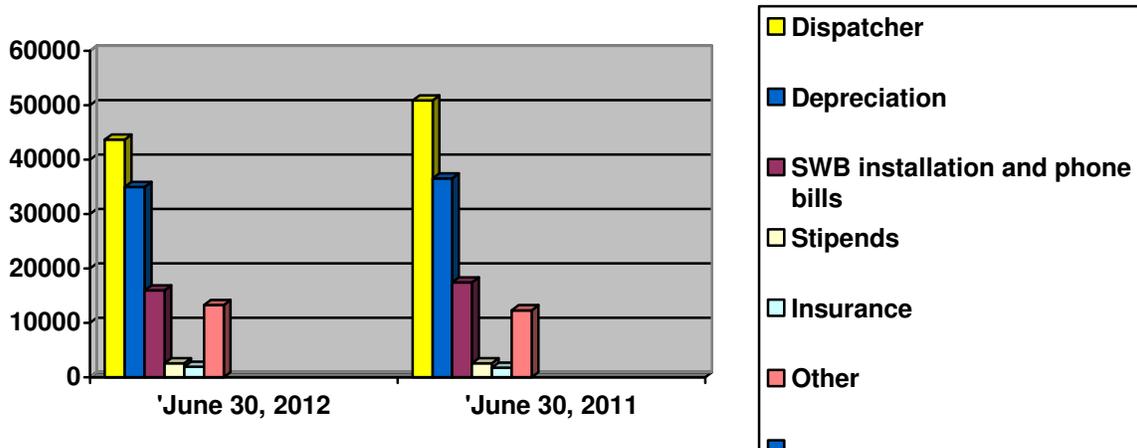
Classifications of net assets presented in a graph format



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, 2012**

CAPITAL ASSETS

The Authority's capital assets as of June 30, 2012 and 2011 amounted to \$147,980 and \$175,453 (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, 2012 totaled \$7,515. The additions included radio equipment for \$6,937 and back-up batteries for \$578.

LONG-TERM DEBT

As of June 30, 2012, 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,	2012	2011
Assets		
Current Assets		
Cash and cash equivalents	\$ 31,201	\$ 32,660
Certificates of deposit	59,224	58,705
Accounts receivable	6,986	204
Interest receivable	28	40
Prepaid insurance	1,556	600
Total Current Assets	98,995	92,209
Noncurrent Assets - Capital Assets		
Building improvements	8,172	8,172
Office furniture	1,758	1,758
Vehicle	13,013	13,013
911 equipment	551,940	544,425
Total	574,883	567,368
Less accumulated depreciation	426,903	391,915
Net Noncurrent Assets - Capital Assets	147,980	175,453
Total Assets	246,975	267,662
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	1,409	5,273
Total Liabilities	1,409	5,273
Net Assets		
Invested in capital assets, net of related debt	147,980	175,453
Unrestricted	97,586	86,936
Total Net Assets	\$ 245,566	\$ 262,389

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,	2012	2011
Operating Revenues	\$ 95,016	\$ 88,808
Operating Expenses		
SWB installation and phone bills	15,949	17,439
Contract labor	1,950	1,350
Office supplies	-	230
Postage	-	70
Dispatcher	43,683	50,906
Stipends	2,575	2,575
911 equipment purchases and maintenance	1,944	824
Truck expense	939	700
Miscellaneous expense	-	826
Insurance	1,921	1,750
Electric	241	232
Legal and accounting	8,115	7,965
Bank charges	66	113
Depreciation	34,988	36,562
Total Operating Expenses	112,371	121,542
Net Income (Loss) From Operations	(17,355)	(32,734)
Other Income		
Interest income	532	710
Total Other Income	532	710
Change in Net Assets	(16,823)	(32,024)
Net Assets at Beginning of Year	262,389	294,413
Net Assets at End of Year	\$ 245,566	\$ 262,389

See notes to financial statements.

EASTERN SEQUOYAH COUNTY 911 REGIONAL TRUST AUTHORITY

Statements of Cash Flows

FOR THE YEARS ENDED JUNE 30,	2012	2011
Cash Flows From Operating Activities		
Receipts from operations	\$ 85,828	\$ 93,436
Other receipts	2,407	3,667
Payments to suppliers and vendors	(82,204)	(86,775)
Net Cash Provided By Operating Activities	6,031	10,328
Cash Flows From Capital and Related Financing Activities		
Acquisition of property, plant and equipment	(7,515)	(31,272)
Net Cash Used in Capital and Related Financing Activities	(7,515)	(31,272)
Cash Flows From Investing Activities		
Interest income	544	801
Reinvestment of certificate of deposit earnings	(519)	(770)
Net Cash Provided By Investing Activities	25	31
Net Decrease in Cash and Cash Equivalents	(1,459)	(20,913)
Cash and Cash Equivalents At Beginning of Year	32,660	53,573
Cash and Cash Equivalents At End of Year	\$ 31,201	\$ 32,660
Reconciliation Of Operating Income To Net Cash Provided By Operating Activities		
Net loss from operations	\$ (17,355)	\$ (32,734)
Adjustments:		
Depreciation	34,988	36,562
Net change in assets and liabilities:		
Accounts receivable	(6,782)	8,295
Prepaid insurance	(956)	(74)
Accounts payable	(3,864)	(1,721)
Net Cash Provided By Operating Activities	\$ 6,031	\$ 10,328

See notes to financial statements.

EASTERN SEQUOYAH COUNTY 911 REGIONAL TRUST AUTHORITY

Notes to the Financial Statements

JUNE 30, 2012 AND 2011

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, 2012 AND 2011

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, 2012 and 2011 was as follows:

As Of	July 1, 2011	Additions	Retirements	June 30, 2012
Building improvements	\$ 8,172	\$ -	\$ -	\$ 8,172
Office furniture and fixtures	1,758	-	-	1,758
Vehicle	13,013	-	-	13,013
911 equipment	544,425	7,515	-	551,940
Total	\$ 567,368	\$ 7,515	\$ -	\$ 574,883

EASTERN SEQUOYAH COUNTY 911 REGIONAL TRUST AUTHORITY

Notes to the Financial Statements

JUNE 30, 2012 AND 2011

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	513,152	31,273	-	544,425
Total	\$ 536,095	\$ 31,273	\$ -	\$ 567,368

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 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. Approximately 93% of operating income comes from three sources: Cingular, AT&T (formerly the Southwestern Bell telephone Company), and Alltel.

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, 2012 through August 31, 2012, 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, 2012, and have issued our report thereon dated August 31, 2012. 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
August 31, 2012