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**FINANCIAL STATEMENTS
AND REPORTS OF INDEPENDENT AUDITOR
LEFLORE COUNTY SPECIAL 911 AUTHORITY
POTEAU, OKLAHOMA
FOR THE YEAR ENDED JUNE 30, 2011**

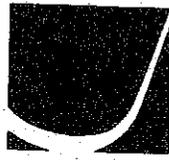
Audited by

**JACK H. JENKINS
CERTIFIED PUBLIC ACCOUNTANT
A PROFESSIONAL CORPORATION
TULSA, OK**

**LEFLORE COUNTY SPECIAL 911 AUTHORITY
POTEAU, OKLAHOMA
JUNE 30, 2011**

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Jack H. Jenkins, CPA *A Professional Corporation*

INDEPENDENT AUDITOR'S REPORT

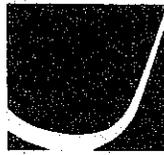
The Honorable Board of Trustees
LeFlore County Special 911 Authority
A Component Unit of LeFlore County
Poteau, Oklahoma 74953

I have audited the accompanying financial statements of the business-type activities of the LeFlore County Special 911 Authority, a component unit of LeFlore County, Poteau, Oklahoma (Trust Authority), as of and for the year ended June 30, 2011, which collectively comprise the Trust Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Trust Authority's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note 1, the Trust Authority prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the statement of net assets – modified cash basis of the business-type activities of the LeFlore County Special 911 Authority, a component unit of LeFlore County, Poteau, Oklahoma as of June 30, 2011, and the changes in net assets and cash flows, for the year then ended in conformity with accounting principles described in Note 1.



Jack H. Jenkins, CPA *A Professional Corporation*

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

The Honorable Board of Trustees
LeFlore County Special 911 Authority
Poteau, Oklahoma 74953

I have audited the accompanying financial statements of the LeFlore County Special 911 Authority, a component unit of LeFlore County, Poteau, Oklahoma (Trust Authority), as of and for the year ended June 30, 2011, which was presented on a modified cash basis of accounting, and have issued my report thereon dated October 26, 2011. I conducted my 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 my audit, I considered the Trust Authority's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Trust Authority's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust Authority's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my 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 Board of Trustees and management of the Trust Authority and is not intended to be, and should not be, used by anyone other than these specified parties.



Jack H. Jenkins
Certified Public Accountant, P.C.

October 26, 2011

**LEFLORE COUNTY SPECIAL 911 AUTHORITY
A COMPONENT UNIT OF LEFLORE COUNTY, POTEAU, OKLAHOMA
SCHEDULE OF FINDINGS
JUNE 30, 2011**

There were no findings.

**LEFLORE COUNTY SPECIAL 911 AUTHORITY
A COMPONENT UNIT OF LEFLORE COUNTY, POTEAU, OKLAHOMA
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS
JUNE 30, 2011**

There were no material instances of findings in the prior year.

**LEFLORE COUNTY SPECIAL 911 AUTHORITY
A COMPONENT UNIT OF LEFLORE COUNTY, POTEAU, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

Operating Revenues:	
911 sales tax collection	\$ 373,879
Reimbursements - dispatch salaries	189,974
Rentals	20,908
Miscellaneous	387
Total operating revenues	<u>585,148</u>
Operating Expenses:	
Personal services	383,329
Maintenance and operations	129,121
Depreciation	17,266
Total operating expenses	<u>529,716</u>
Operating Income (Loss)	55,432
Other Financing Sources (Uses)	
Lapsed appropriations	160
Interest income	607
Interest expense	(70,574)
Bank service charges	(245)
Total other financing sources (uses)	<u>(70,052)</u>
Net Change in Net Assets	(14,620)
Prior Period Adjustment	(12,573)
Net Assets, beginning of year	<u>326,683</u>
Net Assets, end of year	<u>\$ 299,490</u>

The accompanying notes are an integral part of the financial statements

LEFLORE COUNTY SPECIAL 911 AUTHORITY
A COMPONENT UNIT OF LEFLORE COUNTY, POTEAU, OKLAHOMA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

Cash Flows from Operating Activities:

Cash received from sales tax collections	\$ 373,879
Cash received from reimbursements	189,974
Cash received for rentals and other	21,295
Cash paid for personal services	(381,160)
Cash paid for maintenance and operations	(129,078)
Net cash flows from operating activities	74,910

Cash Flows from Investing Activities:

Interest earnings	607
Net cash flows from investing activities	607

Cash Flows from Financing Activities:

Bank service charges	(245)
Interest expenses on debt	(70,574)
Principal payments on long-term debt	(22,585)
Net cash flows from financing activities	(93,404)

Net increase (decrease) in cash and cash equivalents (17,887)

Cash and cash equivalents, beginning of period 241,527

Cash and cash equivalents, end of period 223,640

Reconciliation of operating income (loss) to net cash provided by operating activities:

Operating income (loss)	55,432
Add depreciation expense	17,266
Add lapsed appropriations	160
Increase (decrease) in reserve fund balance	(490)
Increase (decrease) in reserve for outstanding	2,542
Net cash flows from operating activities	\$ 74,910

The accompanying notes are an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

LEFLORE COUNTY SPECIAL 911 AUTHORITY
A COMPONENT UNIT OF LEFLORE COUNTY, POTEAU, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. Summary of Significant Accounting Policies

A. REPORTING ENTITY

The LeFlore County Special 911 Authority, a component unit of LeFlore County, Poteau, Oklahoma, (the "Trust Authority") was established in August of 2000, to provide 911 emergency services to the residents and businesses of LeFlore County, and for the public purposes hereinafter set forth, under the provisions of Title 60, Oklahoma Statutes 1961, Sections 176 to 180, inclusive, the Oklahoma Trust Act and other applicable statutes of the State of Oklahoma.

The financial statements of the Trust Authority, a separate legal component unit of LeFlore County, Poteau, Oklahoma (the primary government), were prepared in accordance with accounting principles generally accepted in the United States of America.

The Trust Authority is considered a component unit because the component unit's governing bodies are substantially the same as the governing body of the County, or the component unit provides services almost entirely to the primary government.

The basic financial statements of the Trust Authority have been prepared on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Trust Authority are described below.

B. BASIS OF PRESENTATION

The Trust Authority's basic financial statements consist of a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The financial statements are prepared using the modified cash basis of accounting.

LEFLORE COUNTY SPECIAL 911 AUTHORITY
A COMPONENT UNIT OF LEFLORE COUNTY, POTEAU, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. **Summary of Significant Accounting Policies – contd.**

C. ASSETS, LIABILITIES, AND FUND EQUITY

CASH AND CASH EQUIVALENTS - For the purpose of financial reporting, “cash and cash equivalents” includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

INVESTMENTS – Investments classified in the financial statements consist entirely of certificate of deposit whose original maturity exceeds three month. Investments are carried at cost, which approximates fair value.

CAPITAL ASSETS – The Trust Authority’s modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation when appropriate. The accounting treatment over property, plant, and equipment (capital assets) recognizes the assets over their useful lives using the straight-line method of depreciation. A capitalization threshold of \$1,000 is used to report capital assets.

INTERFUND RECEIVABLES AND PAYABLES - During the course of operations, numerous transactions occur between individual funds that result in amounts being owed between funds. Those related to goods and services type transactions are classified as “due to” and “due from” other funds.

LONG-TERM DEBT – All long-term debt arising from cash basis transactions to be repaid from business-type resources is reported as liabilities in financial statements and separated between the long-term debt due within one year and long-term debt due in more than one year.

EQUITY CLASSIFICATION

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

LEFLORE COUNTY SPECIAL 911 AUTHORITY
A COMPONENT UNIT OF LEFLORE COUNTY, POTEAU, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. **Summary of Significant Accounting Policies – contd.**

C. ASSETS, LIABILITIES, AND FUND EQUITY – contd.

- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

It is the Trust Authority’s policy to first use restricted net assets prior to the use of unrestricted net assets when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

2. **Capital Assets**

Capital asset activity, resulting from modified cash basis transactions, for the fiscal year ended June 30, 2011 was as follows:

<i>Business-type activities:</i>	Balance at <u>7/1/2010</u>	<u>Additions</u>	<u>Retirements</u>	Balance at <u>6/30/2011</u>
Capital assets -				
Land	\$ 100,000			100,000
Building	863,144			863,144
Equipment	311,263			311,263
Total capital assets	<u>1,274,407</u>			<u>1,274,407</u>
Less accumulated depreciation for -				
Land				
Building (50 years, S/L)	(172,630)	(17,263)		(189,893)
Equipment (10 years, S/L)	(311,260)	(3)		(311,263)
Total accumulated depreciation	<u>(483,890)</u>	<u>(17,266)</u>		<u>(501,156)</u>
Capital assets, net	<u>\$ 790,517</u>	<u>(17,266)</u>		<u>773,251</u>

**LEFLORE COUNTY SPECIAL 911 AUTHORITY
A COMPONENT UNIT OF LEFLORE COUNTY, POTEAU, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

3. Deposits and Investments

The Trust Authority's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the Trust Authority or by its agent in the Trust Authority's name.

4. Long-term Debt

On September 27, 2000, the Trust Authority issued its Series 2000 Sales Tax Gross Lease Revenue Note in the amount of \$1,070,000, for the purpose of the Emergency Medical Services Building. The note was payable in monthly installments of \$7,883.43 until the Trust Authority refinanced the remaining amount of principal and unpaid interest of \$721,146.53 on December 23, 2010. The refinanced note will be payable in monthly installments of \$7,643.01 beginning January 23, 2011 with a final installment being due on December 23, 2020. Interest was calculated on a fixed rate of 4.98%. At June 30, 2011, the outstanding principal balance of this note was \$692,905. The bonds are payable as follows:

Year ending June 30	Principal	Interest	Total
2012	\$ 58,439	33,277	91,716
2013	61,507	30,209	91,716
2014	64,641	27,075	91,716
2015	67,935	23,781	91,716
2016	71,342	20,374	91,716
Thereafter	369,041	43,682	412,723
Total	<u>\$ 692,905</u>	<u>178,398</u>	<u>871,303</u>

5. Compensated Absences

The Trust Authority provides vacation and sick leave benefits in accordance with Title 70 of the Oklahoma Statutes, Article 6-104, which provides for annual sick leave and personal business days. Trust Authority policy allows certified employees to accumulate such days to a maximum number of days. None of the benefits are payable upon retirement or death. In accordance with the provision of Statement of Financial Accounting Standards Number 43, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

LEFLORE COUNTY SPECIAL 911 AUTHORITY
A COMPONENT UNIT OF LEFLORE COUNTY, POTEAU, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

6. Cell Phone Assessment

On August 26, 2008, a proposition was passed by the voters of LeFlore County for a special assessment on cell phone users for the purposes of funding the Special 911 Authority. The fee is collected by KEDDO and distributed to LeFlore County, City of Poteau, and Town of Pocola.

7. Employee Retirement System and Plan

Plan Description

The Trust Authority participates in the state-administered Oklahoma Public Employees Retirement Plan, which is a cost-sharing, multiple-employer defined benefit pension plan, administered by the Oklahoma Public Employees Retirement System (OPERS). Benefit provisions are established and amended by the Oklahoma Legislature. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. Title 74 Sections 901 through 943, as amended, establishes the provisions of the Plan. OPERS issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing OPERS, P.O. Box 53007, Oklahoma City, Oklahoma 73105 or by calling 1-800-733-9008

Funding Policy

The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation, which is performed to determine the adequacy of contribution rates. Trust Authority employees are required to contribute between 3.5% and 8.5% of earned compensation. The Trust Authority contributes between 5.0% and 10.0% of earned compensation. The Trust Authority's total contributions for 2011, 2010 and 2009 were \$44,711, \$38,512, and \$34,590 respectively.

8. Risk Management

The Trust Authority is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The Trust Authority purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

LEFLORE COUNTY SPECIAL 911 AUTHORITY
A COMPONENT UNIT OF LEFLORE COUNTY, POTEAU, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

9. Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. These programs are subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. The amount for expenditures that may be disallowed by the granting agencies cannot be determined at this time although it is believed by the Trust Authority that the amount, if any, would not be significant.

10. Prior Period Adjustments

Prior period adjustments were made to correct the amount of cash and investments that were reported in the previous fiscal year.

Cash was increased by \$2,575 due to the Bank of Oklahoma account ending #2684 which was not included in the previous fiscal year financials.

Cash was increased by \$96 due to the Bank of Oklahoma account ending #2673 reported an ending balance of \$7,854 instead of the corrected \$7,950.

Investments were decreased by \$15,244 to reflect the balance of \$89,756 remaining on the Certificate of Deposit that had been partially liquidated on July 27, 2007 and had erroneously reported to have a balance of \$105,000 for the year ending June 30, 2010.

The net adjustment from the previous fiscal year is a \$12,573 decrease to beginning net assets.