

Lincoln County E-911 Trust Authority
Lincoln County, Oklahoma

Financial Statements
As of and for the Years Ended June 30, 2010 and 2011

(With Independent Auditors' Report Thereon)

Audited By

Bill Ford

Certified Public Accountant

LINCOLN COUNTY E-911 TRUST AUTHORITY
Lincoln County, Oklahoma
For the Years ended June 30, 2010 and 2011

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Lincoln County E-911 Trust Authority

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lincoln County E-911 Trust Authority, (a component unit of Lincoln County, Oklahoma) as of and for the year ended June 30, 2010 and 2011, which collectively comprise Lincoln County E-911 Trust Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Lincoln County E-911 Trust Authority's management. My responsibility is to express my opinion on these financial statements based on my audit.

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.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lincoln County E-911 Trust Authority, as of June 30, 2010 and 2011, and the respective changes in financial position, in conformity with accounting principles generally accepted in the United States of America.

Management has omitted management's decision and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not 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. My opinion on the basic financial statements is not affected by the missing information.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 25, 2012, on my consideration of the Authority's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of my 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 for assessing the results of my audit.



Bill Ford, C.P.A.

February 25, 2012

LINCOLN COUNTY E-911 TRUST AUTHORITY
 LINCOLN COUNTY, OKLAHOMA
 STATEMENT OF NET ASSETS
 JUNE 30, 2010 and 2011

	Governmental Activities <u>2010</u>	Governmental Activities <u>2011</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 169,247	\$ 88,808
Accounts receivable	<u>40,300</u>	<u>30,801</u>
Total current assets	<u>209,547</u>	<u>119,609</u>
Non-Current assets:		
Capital assets, net of accumulated depreciation	<u>\$ 288,828</u>	<u>\$268,148</u>
Total non-current assets	<u>288,828</u>	<u>268,148</u>
Total assets	<u><u>498,375</u></u>	<u><u>387,757</u></u>
 <u>LIABILITIES</u>		
Current liabilities:		
Retirement plan payable	\$ 9,628	\$ 30,630
Payroll tax payable	<u>11,815</u>	<u>7,317</u>
Total current liabilities	<u>21,443</u>	<u>37,947</u>
 <u>NET ASSETS</u>		
Invested in capital assets, net of related debt	\$ 288,828	\$268,148
Unrestricted	<u>188,104</u>	<u>81,662</u>
Total net assets	<u><u>\$ 476,932</u></u>	<u><u>\$349,810</u></u>

See accompanying notes to financial statements

LINCOLN COUNTY E-911 TRUST AUTHORITY
 LINCOLN COUNTY, OKLAHOMA
 STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2010

	Program Revenue				
Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenue	
Function/Programs					
Governmental activities					
Emergency Communication Serv.	\$ 655,482	\$ 0	\$ 0	\$ (655,482)	
Total governmental activities	<u>655,482</u>	<u>0</u>	<u>0</u>	<u>(655,482)</u>	
Total government	<u>\$ 655,482</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (655,482)</u>	
		Governmental Activities			
Changes in net assets:					
Net (expense) revenue		<u>\$ (655,482)</u>			
General revenues					
Interest		1,876			
Tariff & Olets Fees		470,547			
Other		<u>27,432</u>			
Total general revenues		<u>499,855</u>			
Change in net assets		(155,627)			
Net assets - beginning		<u>632,559</u>			
Net assets - ending				<u>\$ 476,932</u>	

See accompany notes to the financial statement

LINCOLN COUNTY E-911 TRUST AUTHORITY
 LINCOLN COUNTY, OKLAHOMA
 STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2011

	Program Revenue				
Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenue	
Function/Programs					
Governmental activities					
Emergency Communication Serv.	\$ 606,700	\$ 0	0	\$ 0	\$ (606,700)
Total governmental activities	<u>606,700</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(606,700)</u>
Total government	<u>\$ 606,700</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>	<u>\$ (606,700)</u>
		Governmental Activities			
Changes in net assets:					
Net (expense) revenue		<u>\$ (606,700)</u>			
General revenues					
Interest		568			
Tariff & Olets Fees		450,750			
Other		<u>28,260</u>			
Total general revenues		<u>479,578</u>			
Change in net assets		(127,122)			
Net assets - beginning		<u>476,932</u>			
Net assets - ending					<u>\$ 349,810</u>

See accompany notes to the financial statement

LINCOLN COUNTY E-911 TRUST AUTHORITY
 LINCOLN COUNTY, OKLAHOMA
 BALANCE SHEET - GOVERNMENTAL FUNDS
 JUNE 30, 2010 and 2011

<u>ASSETS</u>	<u>General Fund 2010</u>	<u>General Fund 2011</u>
Cash and cash equivalents	\$ 169,247	\$ 88,808
Accounts receivable	<u>40,300</u>	<u>30,801</u>
TOTAL ASSETS	<u>\$ 209,547</u>	<u>\$ 119,609</u>
<u>LIABILITIES AND FUND BALANCES</u>		
<u>LIABILITIES</u>		
Retirement plan payable	\$ 9,628	\$ 30,630
Payroll tax payable	<u>11,815</u>	<u>7,317</u>
TOTAL LIABILITIES	<u>\$ 21,443</u>	<u>\$ 37,947</u>
<u>FUND BALANCES</u>		
Unreserved	<u>\$ 188,104</u>	<u>\$ 81,662</u>
TOTAL FUND BALANCES	<u>\$ 188,104</u>	<u>\$ 81,662</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 188,104</u>	<u>\$ 81,662</u>

See accompanying notes to financial statements

LINCOLN COUNTY E-911 TRUST AUTHORITY
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2010 and 2011

	<u>2010</u>	<u>2011</u>
Total fund balance	\$ 188,104	\$ 81,662
<p>Amounts reported in the statement of net assets are different because:</p> <p>Capital Assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Capital assets	\$ 338,031	338,031
Accumulated depreciation	<u>(49,203)</u>	<u>(69,883)</u>
Total net assets	<u>\$ 476,932</u>	<u>\$ 349,810</u>

See accompanying notes to financial statements

LINCOLN COUNTY E-911 TRUST AUTHORITY
 LINCOLN COUNTY, OKLAHOMA
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
 FOR THE YEARS ENDED JUNE 30, 2010 and 2011

	General Fund <u>2010</u>	General Fund <u>2011</u>
Revenue		
Tariff & Olets fees	\$ 470,547	\$ 450,750
Interest	1,876	568
Other revenue	<u>27,432</u>	<u>28,260</u>
Total Revenue	<u>\$ 499,855</u>	<u>\$ 479,578</u>
Expenditures		
Current		
Advertising	\$ 340	\$ 25
Copier expense	1,588	716
Computer & internet	425	3,305
Dues & subscriptions	285	621
Equipment lease	55,607	55,144
Insurance	76,288	64,116
Legal & professional	6,650	3,600
Office supplies	3,246	6,058
Olets fees	4,200	4,900
Operating expense	12,452	23,849
Payroll expense	384,436	342,813
Penalties	5,465	256
Printing & Postage	28	374
Repairs & maintenance	4,547	2,004
Repeater lease	3,500	3,500
Retirement plan expense	52,090	54,911
Telephone	13,576	11,522
Utilities	6,000	6,000
Vehicle expense	<u>4,079</u>	<u>2,306</u>
Total expenditures	<u>\$ 634,802</u>	<u>\$ 586,020</u>
Net change in fund balances	(134,947)	(106,442)
Fund balances, beginning	<u>323,051</u>	<u>188,104</u>
Fund balances, ending	<u>\$ 188,104</u>	<u>\$ 81,662</u>

See accompanying notes to financial statements

LINCOLN COUNTY E-911 TRUST AUTHORITY
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 GOVERNMENTAL FUNDS
 FOR THE YEARS ENDED JUNE 30, 2010 and 2011

	<u>2010</u>	<u>2011</u>
Net change in Fund balances - total governmental funds	\$(134,947)	\$ (106,442)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. however, for governmental activities those costs are shown in the combined statement of net assets and allocated over their estimated useful lives as annual depreciation in the statement of activities. This is the amount by which capital outlay exceeds depreciation outlay in the period.

Depreciation expense	\$ (20,680)	\$ (20,680)
Change in net assets	<u>\$(155,627)</u>	<u>\$(127,122)</u>

See accompanying notes to financial statements

LINCOLN COUNTY E-911 TRUST AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2011

1. ORGANIZATION

The Lincoln County E-911 Trust Authority (the "Authority") is a public trust created February 15, 2006, under provisions of Title 60, Oklahoma Statutes. The Declaration of Trust named residents, businesses, industries, and public institutions within Lincoln County, Oklahoma, as the beneficiary of the trust. The purpose of the trust is to provide consolidate public safety and emergency communication services to include sheriff, police, fire, emergency management, homeland security, volunteer fire districts, ambulance, and emergency medical responders who either operate as part of local government or contract with local governments, and other local government functions which can assist and/or facilitate the provisions of public safety and emergency response. Further purposes of the Authority are set forth in the Declaration of Trust.

The Authority is governed by a seven member board of trustees, which consist of the city managers of Chandler, Stroud, and Prague, Oklahoma, Lincoln County Emergency Management representative, Lincoln County Law Enforcement representative, Lincoln County Fire representative, and EMS Lincoln County.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting and reporting policies applied in the preparation of the accompanying financial statements for the years ended June 30, 2010 and 2011, are as follows:

Government-Wide and Fund Financial Statements - The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Authority as a whole. Individual funds are not displayed, but the statements distinguish governmental activities, generally supported by taxes and Authority general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A functional program is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Authority's services; (2) operating grants and contributions which finance annual operating

activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these programs uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements - Fund financial statements of the Authority are provided for governmental funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds.

Measurement Focus and Basis of Accounting - Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

The financial statements of the Authority are prepared in accordance with generally accepted accounting principles (GAAP). The Authority’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Authority’s reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Authority considers revenues to be available if they are collected within 30 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Major revenue sources and expenses susceptible to accrual include: tariff fees, payroll tax, and retirement plan expense. In general, other revenues and expenses are recognized when cash is received or expensed.

Fund Types and Major Funds - The Authority is a special purpose governmental unit. It reports a general fund and no other funds.

Use of Estimates - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities, and equity, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Income Tax Status - The Authority is a political instrumentality of Lincoln County, Oklahoma, and therefore, exempt from income taxes under the *Internal Revenue Code*.

Property and Equipment - Acquisition and construction costs of property and equipment are capitalized, and depreciation is provided on a straight-line basis over the estimated useful lives of the property and equipment as follows:

<u>Type of Assets</u>	<u>Years</u>
Signage	25
Leasehold improvements	25
Dispatch equipment	25
Other equipment	7
Office equipment	7
Vehicle	5

Compensated Absences - Personal leave and sick leave in varying amounts are granted by the Authority. The Authority does not record a liability for accrued compensated absences, and the amount of such liability, if any, at June 30, 2010 and 2011, is not known. It is believed that such a liability would not be material to the financial statements.

Operating Lease - The Authority leases, from the City of Chandler, the old city hall building on a year to year basis with an annual lease payment of one dollar. The fair market value of the lease has not been included on the financial statements because the amount is not readily determinable. The Authority pays the City \$500 per month as reimbursement for utilities.

Contributed Services - The Authority receives some amount of goods and services in carrying out the Authority's goals. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. The value of contributed services meeting the requirements of *SFAS No. 116* for recognition in the financial statements is not material and is not recorded in the financial statements.

Payroll Taxes - The Authority filed some of the payroll taxes past the due date. The amount of penalty and interest, if any, has not been recorded as a liability as of June 30, 2010 and 2011.

3. CASH AND INVESTMENTS

The Authority's investment policies are governed by state statute. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of saving and loan associations, and trust companies. The Authority considers highly liquid investments with a maturity of two months or less when purchased to be cash equivalents. Collateral is required for demand deposits and certificates of deposit for all accounts not covered by federal deposit insurance. All investments are certificates of deposit.

Concentration of Credit Risk - The Authority maintains cash balances in one financial institution located in Chandler, Oklahoma. The balances are insured by the FDIC up to \$250,000, or collateralized by federal deposit insurance, direct obligations of the United States Government, or securities held by its agent in the Authority's name. Therefore, the Authority's cash deposits at June 30, 2010 and 2011, were not exposed to Custodial Credit Risk, Investment Credit Risk, Investment Interest Rate Risk, or Concentration of Investment Credit Risk.

4. TARIFF FEES

The voters of Lincoln County, Oklahoma, approved a countywide E-911 emergency communication system. The fees for this system are determined by the Oklahoma State Legislature. The fees charged per phone are 50 cents for each cell phone and 15% of the base land line fee for land line phones. The fees are collected by the user's telephone company. Each month the telephone companies remit these funds to the Authority. The Authority collected some tariff fees prior to the system being initiated. These funds were then sent to the City of Chandler, Oklahoma, who was responsible for the 911 system prior to the Authority being organized.

5. EMPLOYEES' RETIREMENT PLAN

The Authority participates in the state administered Oklahoma Public Employees' Retirement System, which is a cost-sharing multiple-employer public employee retirement system (OPERS). Under the System, contributions are made by the Authority and the participating employees into a defined benefit plan. A defined benefit plan promises its members a lifetime retirement when the member meets certain eligibility requirements. Each new employee becomes a member of OPERS on the first of the month immediately following the beginning date of employment, provided all three following requirements are met:

The position the employee holds is permanent.

The position the employee holds requires at least 1,000 hours work per year (12 months after date of employment), and

The monthly salary of the employee must at least equal the hourly rate of minimum wage for state employees.

Employees who meet all three requirements above are eligible for membership. With limited exceptions, membership is a condition of employment and is thus mandatory for all employees who meet eligibility requirements. The System is administered by a board of trustees which acts as a fiduciary for investing the funds and governing the administration of the System. The Authority has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirement.

A member with eight years of creditable service may retire with normal retirement allowance at the age of 62 or with reduced benefits as early as age 55. The normal retirement allowance is paid monthly for life and then to beneficiaries, if certain options are exercised. A member leaving employment before attaining retirement age, but completing eight years of service, may elect to vest accumulated contributions and defer receipt of the retirement when the member becomes eligible. When a member dies in active service and has completed eight years of credited service, the beneficiary is entitled to a death benefit, and the member's contributions. The contribution rate for the Authority and its employees are established by statute and applied to the employee's earnings. The Authority is required by statute to contribute 14.5% of the employee's annual compensation and the employee 3.5% of annual earnings. The Authority was in arrears by six months to OPERS for the fiscal year ended June 30, 2011.

Additional information and 10 year historical trend information can be obtained from the separately issued Oklahoma Public Employee's Retirement System Annual Report. The System issues an independent financial report, financial statements, and required supplementary information that can be obtained in writing at the Oklahoma Public Employee's Retirement System, Post Office Box 53007, Oklahoma City, OK 73152-3007, or by calling 1-800-733-9008, or by accessing their website at www.opers.ok.gov.

6. HEALTH CARE COVERAGE

The Authority paid \$430.02 during June 30, 2010, and \$492,54 during June 30, 2011 per month per employee for health, vision, dental, and \$10,000 of life insurance coverage. There is no cost to employees for this coverage, however, there is a cost to employees if they cover any family members.

7. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2010 and 2011, were as follows:

	Balance <u>6/30/09</u>	<u>Change</u>		Balance <u>6/30/11</u>
		<u>6/30/10</u>	<u>6/30/11</u>	
Capital asset:				
Signage	\$108,950	\$	\$	\$108,950
Leasehold improvements	67,456			67,456
Dispatch equipment	101,184			101,184
Other equipment	27,069			27,069
Office equipment	16,872			16,872
Vehicles	<u>16,500</u>			<u>16,500</u>
Total capital assets	<u>\$338,031</u>	<u>\$</u>	<u>\$</u>	<u>\$338,031</u>
Less accumulated depreciation for:				
Signage	\$ 7,445	\$ 4,358	\$ 4,358	\$ 16,161
Leasehold improvements	4,047	2,698	2,698	9,443
Dispatch equipment	5,201	4,047	4,047	13,295
Other equipment	4,814	3,867	3,867	12,548
Office equipment	3,166	2,410	2,410	7,986
Vehicle	<u>3,850</u>	<u>3,300</u>	<u>3,300</u>	<u>10,450</u>
Total accum. depre.	<u>28,523</u>	<u>20,680</u>	<u>20,680</u>	<u>69,883</u>
Capital assets, net	<u>\$309,508</u>	<u>\$(20,680)</u>	<u>\$(20,680)</u>	<u>\$268,148</u>

Depreciation expense for the year ended June 30, 2010, and 2011 was \$20,680.

8. EXPENSE PARTICIPATION

Lincoln County, Oklahoma, pays monthly half the salary and health coverage of the managing director of the Authority. He is also the director of the Lincoln County Emergency Management. A monthly check is received by the Authority for these payments.

9. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions. The Authority is covered for these potential losses with insurance coverage.

10. SUBSEQUENT EVENTS

The Authority was in arrears six months to their retirement plan (see Note 5). Currently the Authority is up to date with payments to the retirement plan. During the fiscal year ended June 30, 2011, the Authority made payroll tax payments to the Internal Revenue Service on a monthly basis. Under Internal Revenue Service guidelines the Authority is required to make payroll tax payments on a more timely basis than monthly. Subsequent to the fiscal year ended the Internal Revenue Service assessed penalties and interest for not making payroll tax payments on a more timely manner. The Authority subsequent to the financial statement date is making payments of penalties and interest in the amount of \$500 per month for 21 months.

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

Board of Trustees
Lincoln County E-911 Trust Authority

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lincoln County E-911 Trust Authority, as of and for the years ended June 30, 2010 and 2011, which collectively comprise Lincoln County E-911 Trust Authority's basic financial statements, and have issued my report thereon dated February 25, 2012. 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 audits, I considered the Authority's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions 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, I do not express an opinion on the effectiveness of the 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 would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

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 a 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. I consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financing

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be deficiencies, significant deficiencies, or material weaknesses. I consider all the findings to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 of the Board of Trustees, management, grantors, and the State of Oklahoma, and is not intended to be and should not be used by anyone other than these specified parties.



Bill Ford, C.P.A.

February 25, 2012

LINCOLN COUNTY E-911 TRUST AUTHORITY
LINCOLN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2010 AND 2011

<u>ITEM</u>	<u>FINDINGS</u>	<u>RESPONSES</u>
2011-1	<p>The Authority pays into the State of Oklahoma's retirement system (OPERS) for their employees. These payments are remitted monthly to OPERS based on each employees prior month's wages. During the fiscal period ended June 30, 2011, the Authority did not pay the monthly amounts due OPERS for a period of six months. I recommend these payments be monitored to assure payments are made when due</p>	<p>There has been staff changes and operations are being closely monitored by the new staff members, management, and the Board of Trustees.</p>
2011-2	<p>During the current and subsequent fiscal periods the Authority remitted payroll taxes to the Internal Revenue Service on a monthly basis. Under Internal Revenue Service regulations, when a certain level of payroll taxes are reached, an entity is required to submit payroll taxes more frequently. As a result of this, the Internal Revenue Service has assessed penalties and interest which the Authority is paying in the subsequent year at the rate of \$500 per month for 21 months. I recommend the Authority maintain payroll taxes in accordance to any regulatory requirements.</p>	<p>We were unaware of these requirements. There has been staff changes and payroll tax payments are made in accordance to Internal Revenue Service regulations.</p>