

**MCINTOSH COUNTY 911 GOVERNING AUTHORITY
FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2012**

**Audited By:
KERRY JOHN PATTEN, C.P.A.**

MCINTOSH COUNTY 911 GOVERNING AUTHORITY
EUFAULA, OKLAHOMA
TRUSTEES
JUNE 30, 2012

| | |
|---------------|-----------------|
| Chairman | Tim Pendley |
| Vice-Chairman | Wesley Dawson |
| Member | Leslie Phillips |
| Member | Andrea Hood |
| Member | Mike Anderson |

County Clerk, Non-Member

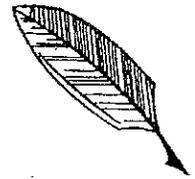
Diana Curtis

MCINTOSH COUNTY 911 GOVERNING AUTHORITY
JUNE 30, 2012

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
McIntosh County 911 Governing Authority
Eufaula, OK

I have audited the accompanying general purpose financial statements of McIntosh County 911 Governing Authority (an Oklahoma Trust), a component unit of McIntosh County, State of Oklahoma, as of and for the year ended June 30, 2012. The general purpose financial statements are the responsibility of McIntosh County 911 Governing Authority's management. My responsibility is to express an opinion on these general purpose financial statements based 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 on 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the general purpose financial statements. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note 1, the McIntosh County 911 Governing Authority prepares its financial statements on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position-modified cash basis of the McIntosh County 911 Governing Authority, as of June 30, 2012, and the results of its operations-modified cash basis of the McIntosh County 911 Governing Authority for the year then ended June 30, 2012, in conformity with the modified cash basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, I have also issued my report March 20, 2014, on my consideration of the Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts 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 in conjunction with this report in considering the results of my audit.


Kerry John Patten, C.P.A.
March 20, 2014

MCINTOSH COUNTY 911 GOVERNING AUTHORITY
 STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
 JUNE 30, 2012

| <u>ASSETS</u> | <u>General Fund</u> |
|-------------------------------------|---------------------|
| Cash | \$ 458,880.30 |
| Investments | - |
| | <hr/> |
| Total assets | \$ 458,880.30 |
| | <hr/> <hr/> |
| <u>LIABILITIES AND FUND BALANCE</u> | |
| Liabilities: | |
| Outstanding warrants | \$ 1,094.12 |
| Encumbrances | 35,398.86 |
| | <hr/> |
| Total liabilities | \$ 36,492.98 |
| | <hr/> |
| Fund Balances-Unrestricted | \$ 422,387.32 |
| | <hr/> |
| Total liabilities and fund balances | \$ 458,880.30 |
| | <hr/> <hr/> |

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

**MCINTOSH COUNTY 911 GOVERNING AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR YEAR ENDING JUNE 30, 2012**

| | General Fund |
|--|---------------|
| Revenues collected: | |
| Fees | \$ 298,564.40 |
| Federal Grants | 40,750.00 |
| | \$ 339,314.40 |
| Expenditures paid: | |
| Public Safety | \$ 195,777.16 |
| | \$ 195,777.16 |
| Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances | \$ 143,537.24 |
| Other financing sources (uses): | |
| Operating transfers in/(out) | \$ - |
| Bank charges | - |
| Prior year expenditures recovered | - |
| | \$ - |
| Excess of revenues and other sources over (under) expenditures and other uses | \$ 143,537.24 |
| Fund balance, beginning of year | \$ 278,850.08 |
| Fund balance, end of year | \$ 422,387.32 |

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

**MCINTOSH COUNTY 911 GOVERNING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2012**

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The McIntosh County 911 Trust Authority (The Authority) is governed by the Constitution and laws of the United States and the State of Oklahoma including the "Trust for Benefit of State, County, or Municipality" Title 60 O.S. 176 et seq., the "Nine One One Number Act", Title 63 O.S. 2811 et. seq., the "Nine One One Wireless Act", Title 63 O.S. 2841 et. seq., the "Nine One One Voice Over Internet VOIP Emergency Act", Title 63 O.S. 2851 et. seq., and the "McIntosh County 911 Trust Indenture" creating the Trust Authority dated April 16, 2009.

The Authority was created for the purpose of providing an Enhanced Emergency Telephone Service System within the geographical areas of McIntosh County, Oklahoma. Among other purposes, The Authority may provide for the collection of, monitoring and safeguarding of public funds to finance the costs of installation and maintenance of the lines and equipment of 911 emergency phone services for McIntosh County.

The authority is governed by five trustees, which are appointed by the McIntosh County Board of County Commissioners. The Trustees must be citizens and residents of McIntosh County and have staggered terms of office.

The Trustees are authorized to conduct all powers and duties set forth in the Trust. The Trust specifically limits trustees by providing "that no transaction which exceeds the amount of \$10,000.00 shall be completed without the approval of the Board of County Commissioners for McIntosh County."

B. Fund Accounting

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which are comprised of each fund's assets, liabilities, fund equity, revenues, and expenditures/expenses.

The only fund of the financial reporting entity is described below:

Enterprise Fund

Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Enterprise Fund

Brief Description

McIntosh Co. 911 Trust Authority

The Fund is the general operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund.

**MCINTOSH COUNTY 911 GOVERNING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2012**

Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statement has been prepared on the modified cash basis of accounting, under this basis of accounting, revenues are recognized when received, and expenses are recorded at the time the liabilities are incurred.

D. Fixed Assets

The Authority does not currently maintain detailed records of its land, buildings, and equipment. Therefore, the fixed assets are not recorded on the Statement of Assets, Liabilities and Fund Balance.

2. Deposit Categories of Credit Risk

The Authority's cash deposits at June 30, 2012, are categorized to give an indication of the level of risk assumed by the Authority at year end as follows:

- A. Insured or collateralized with securities held by the Authority or by its agent in the Authority's name.
- B. Collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.
- C. Uncollateralized

| <u>Category</u> | <u>Cash</u> | <u>Investments</u> | <u>Total</u> |
|-----------------|----------------------|--------------------|----------------------|
| (A) | \$ 458,880.30 | \$ 0.00 | \$ 458,880.30 |
| (B) | 0.00 | 0.00 | 0.00 |
| (C) | 0.00 | 0.00 | 0.00 |
| Bank Balance | \$ <u>458,880.30</u> | \$ <u>0.00</u> | \$ <u>458,880.30</u> |

The Authority's investment policies are governed by state statute. The Authority has not established a separate formal investment policy. Permissible investments include direct obligations of the United States Government and Agencies, certificates of deposit of savings and loan associations, banks and credit unions. Collateral is required for demand deposits, certificates of deposits, and savings accounts for all amounts not covered by federal deposit insurance.

D. Assets, Liabilities and Cash Fund Balances

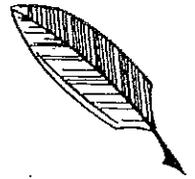
Cash – Deposits are carried at cost. The carrying amount of deposits is separately displayed on the balance sheet as cash.

Inventories – Inventories are considered expenditures at the time of purchase and are not recorded as assets for financial statement purposes.

Cash Fund Balance – Cash fund balance represents the funds not encumbered by purchase order, legal contracts, and outstanding warrants.

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INDEPENDENT AUDITOR'S 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

Board of Trustees
McIntosh County 911 Governing Authority
Eufaula, Oklahoma

I have audited the modified cash basis financial statements of McIntosh County 911 Governing Authority, a component unit of McIntosh County, State of Oklahoma, as of and for the year ended June 30, 2012, and have issued my report thereon dated March 20, 2014. 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

Management of McIntosh Governing Authority, State of Oklahoma is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered McIntosh County 911 Governing 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 McIntosh County 911 Governing Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of McIntosh County 911 Governing Authority's internal control over financial reporting.

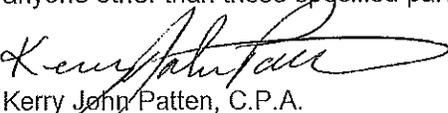
My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses, 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 weakness, as defined above.

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 McIntosh County 911 Governing Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 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 state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Kerry John Patten, C.P.A.
March 20, 2014