

**SEQUOYAH COUNTY 911
TRUST AUTHORITY**

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2013



SEQUOYAH COUNTY 911 TRUST AUTHORITY
JUNE 30, 2013

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Independent Auditor's Report

To the Board of Trustees
Sequoyah County 911 Trust Authority
Sallisaw, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the Sequoyah County 911 Trust Authority (the Authority), as of and for the year then ended June 30, 2013, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sequoyah County 911 Trust Authority, as of June 30, 2013, and the respective changes in financial position, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis 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 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 statement in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2016, on our consideration of the Sequoyah County 911 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



**Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
September 15, 2016**

FINANCIAL STATEMENTS

SEQUOYAH COUNTY 911 TRUST AUTHORITY

STATEMENT OF NET POSITION

AS OF JUNE 30, 2013

ASSETS

Current Assets

Cash and cash equivalents	\$	321,485
Restricted cash		123,167
Accounts receivable		25,718
Total Current Assets		470,370

Noncurrent Assets - Capital Assets

Property and equipment		862,671
Vehicles		13,013
Total		875,684
Less accumulated depreciation		610,958
Net Noncurrent Assets - Capital Assets		264,726
Total Assets		735,096

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable		7,983
Accrued compensated absences		6,380
Accrued wages		26,878
Payroll taxes payable		1,561
Total Liabilities		42,802

Net Assets

Net investment in capital assets		264,726
Restricted		123,167
Unrestricted		304,401
Total Net Assets	\$	692,294

See notes to financial statements.

SEQUOYAH COUNTY 911 TRUST AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2013

Operating Revenues		
Surcharges	\$	210,465
Wireless surcharges		124,227
Dispatch services		18,000
Miscellaneous income		822
Total Operating Revenue		353,514
Operating Expenses		
Advertising		487
Bank charges		13
Contract labor		3,330
Depreciation		46,970
Fuel		4,549
Legal and accounting		2,500
Mapping services		6,129
Memberships and licenses		932
Office supplies		5,507
Repairs and maintenance		19,790
Salaries and wages and related expenses		291,860
Supplies		3,603
Telephone		40,811
Training		912
Travel		1,313
Utilities		1,563
Total Operating Expenses		430,269
Net Loss From Operations		(76,755)
Nonoperating Revenues		
Interest income		1,519
Supplier refund		11,500
Acquisition of Eastern Sequoyah County Regional 911 Trust Authority assets		95,927
Total Nonoperating Revenue		108,946
Change in Net Position		32,191
Net Position at Beginning of Year		660,103
Net Position at End of Year	\$	692,294

See notes to financial statements.

SEQUOYAH COUNTY 911 TRUST AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2013

Cash Flows From Operating Activities

Receipts from operations	\$	344,722
Other receipts		822
Payments to suppliers and vendors		(83,645)
Cash paid to employees		(258,602)
Net Cash Provided By Operating Activities		3,297

Cash Flows From Capital and Related Financing Activities

Acquisition of property, plant and equipment		(2,300)
Acquisition of cash and assets from Eastern Sequoyah Regional Transit Authority		95,927
Net Cash Provided By Capital and Related Financing Activities		93,627

Cash Flows From Investing Activities

Interest income		1,519
Restricted certificate of deposit earnings reinvested		(1,286)
Restricted cash spent on equipment and repairs & maintenance		(3,299)
Net Cash Used In Investing Activities		(3,066)

Net Increase in Cash and Cash Equivalents		93,858
Cash and Cash Equivalents At Beginning of Year		227,627
Cash and Cash Equivalents At End of Year	\$	321,485

Reconciliation Of Operating Income To Net Cash Provided By Operating Activities

Net loss from operations	\$	(76,755)
Adjustments:		
Depreciation		46,970
Net change in assets and liabilities:		
Accounts receivable		(7,970)
Accounts payable		6,233
Accrued compensated absences		6,380
Accrued wages		26,878
Payroll taxes payable		1,561
Net Cash Provided By Operating Activities	\$	3,297

Supplemental Schedule of Noncash Investing Activities

Total cost of fixed assets acquired	\$	25,983
Less: property acquired from Eastern Sequoyah County Regional 911 Trust Authority		23,683
Total cash paid for fixed asset additions	\$	2,300

See notes to financial statements.

SEQUOYAH COUNTY 911 TRUST AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

1. Summary of Significant Accounting Policies

a. Nature of Operations

The Sequoyah County 911 Trust Authority (the Authority) was formed December 1, 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.

The Authority is governed by five trustees, which are appointed by the Sequoyah County Board of Commissioners. The trustees must be citizens and residents of Sequoyah 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 any transaction exceeding \$10,000 must have approval by the Sequoyah County Board of Commissioners.

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.

The financial statements of the Authority have been prepared in accordance with generally accepted accounting principles (GAAP) in the United States. GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Authority implemented GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in *Pre-November 30, 1989, FASB and AICPA Pronouncements*. This pronouncement incorporates the FASB, APB, and ARB pronouncements issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements. The implementation of this pronouncement had no significant affect on the financial statements.

c. Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" include all demand and savings accounts, certificates of deposit, and short-term investments with an original maturity of three months or less.

SEQUOYAH COUNTY 911 TRUST AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

1. Summary of Significant Accounting Policies (continued)

d. Accounts Receivable

Accounts receivable are funds due from various phone companies. Management believes that all receivable balances are collectible at June 30, 2013, and therefore no allowance for doubtful accounts is necessary.

e. 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>
Property and equipment	5 - 10
Vehicles	5

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.

f. Compensated Absences

Employees earn vacation and sick pay in varying amounts based upon length of service with the Authority. Employees can carryforward unused sick and vacation days from year to year. Upon termination from the Authority, employees are paid up to one hundred seventy-two hours of accumulated unused vacation. Accumulated sick pay is paid only upon retirement from the Authority. The Authority has \$6,380 accrued for compensated absences at June 31, 2013.

g. 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.

h. 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 surcharges due to the Authority from taxes collected by the local telephone companies. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities.

SEQUOYAH COUNTY 911 TRUST AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

1. Summary of Significant Accounting Policies (continued)

f. Income Taxes

The Authority is exempt from income taxes as a governmental agency.

2. Cash Deposits

The Authority maintains its operating bank accounts in one area bank. The Federal Deposit Insurance Corporation ("FDIC") insures accounts at this institution. In addition, some deposits are collateralized by the bank through the pledging of securities. The Authority's cash balances may, at times, exceed these insured limits. The Authority has not experienced any losses in such accounts. At June 30, 2013, all deposits of the Authority were covered by FDIC insurance and through the pledging of securities.

3. Restricted Cash

Restricted cash are funds restricted for equipment purchases, equipment repairs and maintenance, emergency phone lines, mapping and database management and office equipment.

4. Capital Assets

Capital asset activity for the years ended June 30, 2013 was as follows:

As Of	July 1, 2012	Additions	Retirements	June 30, 2013
Property and equipment	\$ 849,701	\$ 12,970	\$ -	\$ 862,671
Vehicle	-	13,013	-	13,013
Total	\$ 849,701	\$ 25,983	\$ -	\$ 875,684

5. Risk Management

The Authority is exposed to various levels of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority is covered for such losses under the County's insurance policies.

6. Concentrations of Risk

Generally accepted accounting principles require disclosure of current vulnerabilities due to certain concentrations. The Authority's revenues are primarily received from telephone surcharges. Any significant reduction in the level of surcharges received could negatively impact the Authority.

SEQUOYAH COUNTY 911 TRUST AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

7. Eastern Sequoyah County Regional 911 Trust Authority

During the year ended June 30, 2013, the Authority aligned with the Eastern Sequoyah County Regional 911 Trust Authority. On March 19, 2013, the Trustees of Eastern Sequoyah County Regional 911 Trust Authority formally resolved to terminate their Trust pursuant to the provisions of Section 180, Title 60 of the Oklahoma Statutes. This was approved by the Governor of the State of Oklahoma on May 23, 2013.

The following assets were acquired:

Cash	\$	88,835
Net book value of property and equipment		7,092
Total	\$	95,927

8. Subsequent Events

The Authority has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2013 through September 15, 2016, 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



**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***

To the Board of Trustees
Sequoyah County 911 Trust Authority
Sallisaw, Oklahoma

We have audited, in accordance with the 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, the financial statements of the Sequoyah County 911 Trust Authority, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated September 15, 2016, which was modified to reflect the omission of the management's discussion and analysis.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Sequoyah County 911 Trust Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As 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 that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
September 15, 2016