SEQUOYAH COUNTY 911
TRUST AUTHORITY

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2015

PRZYBYSZ
& ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

SEQUOYAH COUNTY 911 TRUST AUTHORITY
JUNE 30, 2015

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PRZYBYSZ & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

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

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 years then ended June 30, 2015 and 2014, 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 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 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.

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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, 2015 and 2014, and the respective changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principal

As discussed in Note 8 to the financial statements, in 2015 the Authority adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplemental information for cost-sharing employer pension plans on pages 16 and 17 be presented to supplement the financial statements. Such information, although not a part of the financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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.

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 October 14, 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

Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
October 14, 2016

FINANCIAL STATEMENTS

SEQUOYAH COUNTY 911 TRUST AUTHORITY

STATEMENTS OF NET POSITION

AS OF JUNE 30,	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents	$ 232,553	$ 254,479
Restricted cash	121,044	123,809
Accounts receivable	30,094	33,446
Prepaid insurance	1,055	-
Total Current Assets	384,746	411,734
Noncurrent Assets - Capital Assets		
Property and equipment	869,171	866,671
Vehicles	13,013	13,013
Total	882,184	879,684
Less accumulated depreciation	708,818	659,357
Net Noncurrent Assets - Capital Assets	173,366	220,327
Total Assets	558,112	632,061
Deferred Outflows		
Deferred amounts related to pensions	44,965	-
Total Deferred Outflows	44,965	-
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts payable	7,796	8,273
Accrued compensated absences	15,546	12,512
Payroll taxes payable	6,265	17,351
Total Current Liabilities	29,607	38,136
Noncurrent Liabilities		
Net pension liability	31,131	-
Total Noncurrent Liabilities	31,131	-
Total Liabilities	60,738	38,136
Deferred Inflows		
Deferred amounts relating to pensions	51,823	-
Total Deferred Inflows	51,823	-
Net Position		
Net investment in capital assets	173,366	220,327
Restricted	121,044	123,809
Unrestricted	196,106	249,789
Total Net Position	$ 490,516	$ 593,925

See notes to financial statements.

SEQUOYAH COUNTY 911 TRUST AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30,	2015	2014
Operating Revenues		
Surcharges	$ 216,402	$ 205,193
Wireless Surcharges	171,726	169,614
Dispatch Services	18,000	15,000
Miscellaneous Income	355	190
Total Operating Revenue	406,483	389,997
Operating Expenses		
Advertising	1,073	539
Bank charges	-	118
Depreciation	49,461	48,399
Employee benefits	67,803	66,045
Equipment rental	871	750
Mapping services	1,340	10,825
Memberships and licenses	1,986	1,871
Miscellaneous	-	2,166
Office expense	5,082	5,904
Payroll taxes	21,048	22,306
Repairs and maintenance	28,555	17,851
Salaries and wages	243,905	256,250
Supplies	3,429	9,277
Telephone	35,161	35,118
Training	4,031	2,179
Travel	1,508	1,370
Utilities	2,396	2,327
Vehicle	5,596	6,311
Total Operating Expenses	473,245	489,606
Net Loss From Operations	(66,762)	(99,609)
Nonoperating Revenues		
Interest income	1,049	1,240
Total Nonoperating Revenue	1,049	1,240
Change in Net Position	(65,713)	(98,369)
Net Position at Beginning of Year, as previously stated	593,925	692,294
GASB 68 implementation adjustment	(37,696)	-
Net Position at Beginning of Year, as restated	556,229	692,294
Net Position at End of Year	$ 490,516	$ 593,925

See notes to financial statements.

SEQUOYAH COUNTY 911 TRUST AUTHORITY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30,	2015	2014
Cash Flows From Operating Activities		
Receipts from operations	$ 409,480	$ 382,079
Other receipts	355	190
Payments to suppliers and vendors	(192,204)	(168,877)
Cash paid to employees	(240,871)	(276,996)
Net Cash Used By Operating Activities	(23,240)	(63,604)
Cash Flows From Capital and Related Financing Activities		
Acquisition of property, plant and equipment	(2,500)	(4,000)
Net Cash Used By Capital and Related Financing Activities	(2,500)	(4,000)
Cash Flows From Investing Activities		
Interest income	1,049	1,240
Restricted certificate of deposit earnings reinvested	(541)	(642)
Restricted cash spent on equipment and repairs & maintenance	3,306	-
Net Cash Provided By Investing Activities	3,814	598
Net Decrease in Cash and Cash Equivalents	(21,926)	(67,006)
Cash and Cash Equivalents At Beginning of Year	254,479	321,485
Cash and Cash Equivalents At End of Year	$ 232,553	$ 254,479
Reconciliation Of Operating Income To Net Cash Provided By Operating Activities		
Net loss from operations	$ (66,762)	$ (99,609)
Adjustments:		
Depreciation	49,461	48,399
Pension related adjustments	293	-
Net change in assets and liabilities:		
Accounts receivable	3,352	(7,728)
Prepaid insurance	(1,055)	-
Accounts payable	(477)	290
Accrued compensated absences	3,034	6,132
Accrued wages	-	(26,878)
Payroll taxes payable	(11,086)	15,790
Net Cash Used By Operating Activities	$ (23,240)	$ (63,604)

See notes to financial statements.

SEQUOYAH COUNTY 911 TRUST AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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.

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, 2015, 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:

	Years
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 had $15,546 and $12,582 accrued for compensated absences at June 31, 2015 and 2014, respectively.

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, 2015

1. Summary of Significant Accounting Policies (continued)

j. 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, 2015 and 2014, 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, 2015 and 2014 was as follows:

As Of	July 1, 2014	Additions	Retirements	June 30, 2015
Property and equipment	$ 866,671	$ 2,500	$ -	$ 869,171
Vehicle	13,013	-	-	13,013
Total	$ 879,684	$ 2,500	$ -	$ 882,184

As Of	July 1, 2013	Additions	Retirements	June 30, 2014
Property and equipment	$ 862,671	$ 4,000	$ -	$ 866,671
Vehicle	13,013	-	-	13,013
Total	$ 875,684	$ 4,000	$ -	$ 879,684

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.

7. Operating Lease

The Authority leases a copy machine under a non-cancellable operating lease dated October 10, 2013. The Authority is invoiced monthly for $65 for equipment rental and maintenance with additional fees for overages and color copies. For the years ended June 30, 2015 and 2014, the Authority paid $ 851 and $750, respectively, for copier leases. The term of the lease is 36 months ending October 10, 2016.

Operating lease service requirements at June 30, 2015 are:

Year ending June 30,		
2016	$	776
2017		194
Total	$	970

8. Pension Plan

<u>Implementation of GASB 68 - Restatement of Prior Year Ending Net Position</u>

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27,* which became effective with fiscal year ending June 30, 2015. The Statement establishes standards for public pension plan obligations for participating employers. Under the new statement, a cost-sharing employer whose employees receive pensions through a trust will report in the government-wide statements a net pension asset/liability, deferred outflows or inflows of resources related to pensions, and pension expense based on its proportionate share of the collective net pension asset/liability of all employers in the plan. A net pension liability can be volatile due to changes in actuarial estimates and the actual investment return. Accordingly, the effect of the changes was to add $8,289 to net pension liability, add $474 to deferred outflows, add $30,445 to deferred inflows and an increase in unrestricted net position of $37,696 as of June 30, 2015.

<u>Oklahoma Public Employees Retirement System</u>

The Authority contributes to the Oklahoma Public Employees Retirement System (OPERS) for all eligible employees. The plan is a cost-sharing multiple-employer defined benefit pension plan administered by OPERS. Title 74 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the OPERS. OPERS issues a separate financial report that can be obtained at www.opers.ok.gov.

8. Pension Plan (continued)

Summary of Significant Accounting Policies

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's plan and additions to/deductions from the Authority's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on market prices. Detailed information about the OPERS plan's fiduciary net position is available in the separately issued OPERS financial report.

Eligibility Factors and Benefit Provisions

OPERS provides retirement, disability, and death benefits to members of the plan.

Members qualify for full retirement benefits at their specified normal retirement age or, for any person who became a member prior to July 1, 1992, when the sum of the member's age and years of credited service equals or exceeds 80 (Rule of 80), and for any person who became a member after June 30, 1992, when the member's age and years of credited service equals or exceeds 90 (Rule of 90).

Normal retirement date is further qualified to require that all members employed on or after January 1, 1983 must have six or more years of full-time equivalent employment with a participating employer before being eligible to receive benefits. Credited service is the sum of participating and prior service. Prior service includes nonparticipating service before January 1, 1975, or the entry date of the employer and active wartime military service.

A member with a minimum of ten years of participating service may elect early retirement with reduced benefits beginning at age 55 if the participant became a member prior to November 1, 2011, or age 60 if the participant became a member on or after November 1, 2011.

Eligibility Factors and Benefit Provisions (continued)

Benefits are calculated for each member category as follows:

Employees

Benefits are determined at 2% of the average annual salary received during the highest thirty-six months of the last ten years of participating service, but not to exceed the applicable annual salary cap, multiplied by the number of years of credited service. Members who join OPERS on or after July 1, 2013, will have their salary averaged over the highest 60 months of the last ten years. Normal

8. Pension Plan (continued)

retirement age under the Plan is 62 or Rule of 80/90 if the participant became a member prior to November 1, 2011, or age 65 or Rule 90 if the participant became a member on or after November 1, 2011.

Members who elect to pay the additional contribution rate, which became available in January 2004, will receive benefits using a 2.5% computation factor for each full year the additional contributions are made. In 2004, legislation was enacted to provide an increased benefit to retiring members who were not eligible for Medicare. The Medicare Gap benefit option became available to members under 65 who retired on or after May 1, 2006. Members may elect to receive a temporary increased benefit to cover the cost of health insurance premiums until the member is eligible to receive Medicare. After the member becomes eligible for Medicare, the retirement benefit will be permanently reduced by an actuarially determined amount. The option is irrevocable, must be chosen prior to retirement, and is structured to have a neutral actuarial cost to the Plan.

Members become eligible to vest fully upon termination of employment after attaining eight years of credited service, or the members' contributions may be withdrawn upon termination of employment.

Disability retirement benefits are available for members having eight years of credited service whose disability status has been certified as being within one year of the last day on the job by the Social Security Administration. Disability retirement benefits are determined in the same manner as retirement benefits, but payable immediately without an actuarial reduction.

Upon the death of an active member, the accumulated contributions of the member are paid to the members' named beneficiary/(ies) in a single lump sum payment. If a retired member elected joint annuitant survivor option or an active member was eligible to retire with either reduced or unreduced benefits or eligible to vest the retirement benefit at the time of death, benefits can be paid in monthly payments over the life of the spouse if the spouse so elects.

Upon the death of a retired member, the Plan will pay a $5,000 death benefit to the member's beneficiary or estate of the member if there is no living beneficiary. The death benefit will be paid in addition to any excess employee contributions or survivor benefits due to the beneficiary.

Contributions

The contribution rates for each member category of the Plan are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. For 2015, participating state agency employers are required to contribute 16.5% of the employees' annual pay and employees are required to contribute 3.5% of their annual pay. Contributions to the pension plan from the Authority were $25,245 for the year ended June 30, 2015.

8. Pension Plan (continued)

Actuarial Assumptions

The total pension liability as of June 30, 2015 was determined based on an actuarial valuation prepared as of July 1, 2015, using the following actuarial assumptions:

Investment return	7.5% compounded annually net of investment expense and including any inflation
Salary increases	4.5% to 8.4% per year including inflation
Mortality rates	Active participants and nondisabled pensioners: RP-2000 Mortality Table projected to 2010 by Scale AA (Disabled pensioners set forward 15 years)
Post-retirement benefit increases	None
Assumed inflation rate	3%
Payroll growth	4% per year
Actuarial cost method	Entry age
Select period for the termination of employment assumptions	10 years

The actuarial assumptions used in the July 1, 2015 valuation are based on the results of the most recent actuarial experience study, which cover the three-year period ending June 30, 2013. The experience study report is dated May 9, 2014.

Discount Rate

The discount rate used to measure the total pension liability was 7.5% for 2015. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the employers will be made at the current contribution rate as set out in state statute. Based on those assumptions, the pension plan's fiduciary net position was projected through 2114 to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determined does not use a municipal bond rate.

The long-term expected rate of return on pension plan investments was determined using a log normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

SEQUOYAH COUNTY 911 TRUST AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

8. Pension Plan (continued)

Discount Rate (continued)

The Target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Large Cap Equity	38.0%	5.3%
U.S. Small Cap Equity	6.0%	5.6%
U.S. Fixed Income	25.0%	0.7%
International Stock	18.0%	5.6%
Emerging Stock Market	6.0%	6.4%
TIPS	3.5%	0.7%
Rate Anticipation	3.5%	1.5%
Total	100.0%	

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension (asset) / liability of the Authority calculated using the discount rate of 7.50%, as well as what the Authority's net pension (asset) / liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease 6.50%	Current Rate 7.50%	1% Increase 8.50%
Net Pension (Asset) / Liability	$ 116,001	$ 31,131	$ (41,022)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Authority reported a liability of $31,131 for it's proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The Authority's proportion of the net pension liability was based on the Authority's contributions received by the pension plan relative to the total contributions received by the pension plan for all participating employers as of June 30, 2015.

8. Pension Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The Authority reported $31,236 in pension expense for the year ended June 30, 2015. At June 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 3,345
Changes in assumptions	501	-
Net difference between projected and actual earnings on pension plan investments	20,560	48,478
Changes in proportion and differences between employer contributions and share of contributions	23,904	-
Total	$ 44,965	$ 51,823

Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Differences in Experience	Changes in Assumptions	Differences in Earnings	Changes in Proportion	Net Increase in Pension Expense
2016	$ (1,987)	$ 307	$ (8,364)	$ 11,170	$ 1,126
2017	(1,235)	177	(8,364)	11,170	1,748
2018	(123)	17	(8,364)	1,564	(6,906)
2019	-	-	(2,826)	-	(2,826)
	$ (3,345)	$ 501	$ (27,918)	$ 23,904	$ (6,858)

9. Subsequent Events

The Authority has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2015 through October 14, 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.

REQUIRED SUPPLEMENTARY INFORMATION

SEQUOYAH COUNTY 911 TRUST AUTHORITY

SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS LAST TWO FISCAL YEARS

FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
Total Pension Liability		
Service cost	$ 15,216	$ 8,346
Interest cost	55,044	28,086
Benefit changes due to plan amendments	-	-
Difference between expected and actual experience	(972)	(4,027)
Changes of assumptions	-	696
Benefit payment, including refunds of employee contributions	(48,303)	(24,181)
Net change in total pension liability	20,985	8,920
Total pension liability - beginning	757,629	386,347
Total pension liability - ending	$ 778,614	$ 395,267
Plan Net Fiduciary Position		
Contributions - employer	$ 25,289	$ 12,645
Contributions - member	6,331	3,184
Net investment income	22,873	59,514
Benefit payments, including refunds of employee contributions	(48,303)	(24,181)
Administrative	(449)	(213)
Net change in plan net fiduciary position	5,741	50,949
Plan net fiduciary position - beginning	741,742	336,029
Plan net fiduciary position - ending	$ 747,483	$ 386,978
Net pension liability - ending	$ 31,131	$ 8,289
Organization's proportion of the net pension liability	0.00865499%	0.00451544%
Plan net fiduciary position as percentage of total pension liability	96.00%	97.90%
Covered employee payroll	$ 153,000	$ 76,500
Net pension liability positon as percentage of covered employee payroll	20.35%	10.84%

Note to Schedule:
Only two fiscal years are presented because 10-year data not yet available.

See independent auditor's report.

SEQUOYAH COUNTY 911 TRUST AUTHORITY

SCHEDULE OF EMPLOYER CONTRIBUTIONS LAST TWO FISCAL YEARS

FOR THE YEAR ENDED JUNE 30, 2015

	OPERS at June 30, 2015	OPERS at June 30, 2014
Organization's proportion of the net pension liability (asset)	0.00865499%	0.00451544%
Organization's proportionate share of the net pension liability	$ 31,131	$ 8,289
Organization's covered-employee payroll	$ 153,000	$ 76,500
Organization's proportionate share of the net pension liability as a percentage of its covered-employee payroll	20.35%	10.84%
Plan fiduciary net position as a percentage of the total pension liability	96.00%	97.90%

Schedule of Required Contributions Last Two Years

	OPERS at June 30, 2015	OPERS at June 30, 2014
Contractually required contribution	$ 25,245	$ 12,623
Contributions in relation to the contractually required contribution	$ (25,245)	$ (12,623)
Contribution deficiency (excess)	$ -	$ -
Organization's covered-employee payroll	$ 153,000	$ 76,500
Contributions as a percentage of covered-employee payroll	16.50%	16.50%

Note to Schedules:

Only the two fiscal years are presented because 10-year data in not yet available.

See independent auditor's report.

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, 2015, and the related notes to the financial statements, which collectively comprise the Authority’s financial statements, and have issued our report thereon dated October 14, 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.

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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

Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
October 14, 2016