

ADAIR COUNTY 911 REGIONAL TRUST AUTHORITY

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

Audited By
Michael Green, CPA
827 W Locust St
Stilwell, Ok 74960

ADAIR COUNTY 911 REGIONAL TRUST AUTHORITY
ANNUAL FINANCIAL STATEMENTS & AUDITOR'S REPORT
June 30, 2019

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MICHAEL W. GREEN
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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Adair County 911 Regional Trust Authority
Stilwell, Oklahoma

I have audited the accompanying financial statements of the Adair County 911 Regional Trust Authority, a component unit of Adair County, Oklahoma, as of and for the year ended June 30, 2019, which collectively comprise the Trust's basic financial statement 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

My responsibility is to express an 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 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 entity'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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business type activities, each major fund, and the aggregate remaining fund information of the Adair County 911 Regional Trust Authority as of June 30, 2019, and the changes in financial position and cash flows thereof 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 Discussion and Analysis Report 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 statements in an appropriate operational, economic, or historical context. My 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, I have also issued my report dated December 19, 2019, 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 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* in considering Adair County 911 Regional Trust Authority's internal control over financial reporting and compliance.



Michael Green
Certified Public Accountant

December 19, 2019

Adair County 911 Regional Trust Authority
Statement of Net Position
June 30, 2019

Assets

Current Assets:	
Cash and Cash Equivalents	\$ 223,331
Telephone Surcharges Receivable	35,004
Total Current Assets	258,335
Noncurrent Assets:	
Equipment	858,942
Less Accumulated Depreciation	(738,392)
Total Noncurrent Assets	120,550
Total Assets	\$ 378,885

Liabilities

Current Liabilities:	
Accounts Payable	\$ 2,523
Accrued Interest Payable	2,147
Current Portion of Long Term Debt	23,794
Total Current Liabilities	28,464
Longterm Liabilities:	
Lease-Purchase Payable	76,463
Total Longterm Liabilities	76,463
Total Liabilities	104,927

Net Position

Net investment in capital assets	20,293
Unrestricted	253,665
Total Net Position	\$ 273,958

The accompanying notes are an integral part of these financial statements

Adair County 911 Regional Trust Authority
Statement of Revenues, Expenses and Change in Net Position
June 30, 2019

Operating Revenues	
Telephone Surcharges	\$ 211,461
Supplemental Appropriations	<u>1,340</u>
Total Operating Revenues	212,801
 Operating Expenses	
Advertising	158
Car and Truck	2,450
Depreciation Expense	57,392
Dispatcher Support	4,200
Interest Expense	4,433
Office Expense	3,139
Payroll Expenses	30,202
Software Lease, Support	10,066
Telephone	71,353
All Other	<u>2,900</u>
Total Operating Expense	<u>186,293</u>
Operating Income (Loss)	26,508
Change in Net Position	26,508
Net Position - Beginning of Year	247,450
Net Position - End of Year	<u><u>\$ 273,958</u></u>

The accompanying notes are an integral part of these financial statements

Adair County 911 Regional Trust Authority
Statement of Cash Flows
June 30, 2019

Cash Flows from Operating Activities

Cash received from Telephone Surcharges and Supplemental Appropriations	\$ 213,687
Cash Paid to Employees	(30,202)
Cash Paid to Suppliers	<u>(144,739)</u>
Net Cash Provided by Operations	38,746
Net Increase (Decrease) in Cash	38,746
Cash at Beginning of Year	<u>184,585</u>
Cash at End of Year	<u><u>\$ 223,331</u></u>

Reconciliation of Operating Income to Net Cash

Provided by Operating Activities	
Operating Income (Loss)	\$ 26,508
Adjustment to Reconcile Operating Income (Loss) to Net Cash	
Provided by Operating Activities	
Depreciation	57,392
Decrease (Increase) in Receivables	886
Increase (Decrease) in Payables	2,318
Increase (Decrease) in Accrued Interest Payable	(770)
Increase (Decrease) in Lease Payable	<u>(47,588)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 38,746</u></u>

The accompanying notes are an integral part of these financial statements

Adair County 911 Regional Trust Authority
Notes to the Financial Statements
June 30, 2019

Note 1-Summary of Significant Accounting Policies

The Adair County commissioners, under the provisions of Oklahoma Title 60 O.S. Section 176-180, created the Adair County 911 Regional Trust Authority in March 1997.

The financial statements of the Adair County 911 Regional Trust Authority (the Authority) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

Basis of Accounting

The Authority uses enterprise fund accounting under accrual basis. Under the accrual basis of accounting, revenues are recognized when they are earned, and expenses are recognized when they are incurred, in accordance with Generally Accepted Accounting Principles. The Authority's policy is that Supplemental Appropriations and 911 surcharges are accrued in the proper period.

Reporting Entity

The Adair County 911 Regional Trust Authority is a component unit of Adair County of Oklahoma. As set forth in GASB 14, "The Financial Reporting Entity." The criterion for including organizations within a reporting entity is financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board; and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Note 2-Cash

The Authority's operating funds are on deposit with the Adair County Treasurer at the Armstrong Bank, Stilwell, Oklahoma. The County pools cash of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable and available to meet current operating requirements. All Authority revenue is received by the Adair County Treasurer and is appropriated to the Authority the calendar month after its receipt by the Treasurer.

Note 3-Revenue Receivable

All receivables are recorded at their net value. Remittance receipts are net of administrative fees.

Adair County 911 Regional Trust Authority
Notes to the Financial Statements
June 30, 2019

Note 4-Usage Fees

Telephone service providers operating in Adair County collect five percent (5%) of the amount billed to each service user for tariff charges for exchange telephone service or its equivalent. These 911 fees are billed monthly and remitted to the Authority through the Adair County Treasurer.

Note 5-Property and Equipment

Property and equipment are recorded at historical cost. The equipment owned by the Authority consists of computer, computerized telephone routers, signs and office equipment. The Authority does not consider office equipment under \$500.00 to be fixed assets but instead treats such purchases as current expenditures. The Authority estimates the useful life of computer equipment, software, and office equipment to be five years and signs & mapping to be 15 years. The Authority uses straight-line depreciation using a half year convention.

	Balance					Balance	
	June 30, 2018	Additions	Disposals		June 30, 2019		
Property and Equipment	\$ 858,942	0	0	\$	858,942		
Accumulated Depreciation	(681,000)	(57,392)	0		(738,392)		
Net Property and Equipment	<u>\$ 177,942</u>	<u>(57,392)</u>	<u>0</u>	\$	<u>120,550</u>		

Note 6- Long Term Debt

At June 30, 2018 the Authority has one outstanding Lease Purchase Agreement with option to purchase with Motorola Credit Corporation. The loan commenced January 1, 2016 with first payment due January 1, 2017. The term of the note is 60 months with 5 annual installments of \$52,790.60 with a nominal interest rate of 3.732%.

Type of Debt	Balance 6/30/18	Additions	Reductions	Balance 6/30/19	Amount Due Within One Year
Business Type Activities:					
Motorola					
Lease Purchase	\$ 147,845	-	\$ (47,588)	\$ 100,257	\$ 23,794
<hr/>					
Total Business Type Activities:	<u>\$ 147,845</u>		<u>\$ (47,588)</u>	<u>\$ 100,257</u>	<u>\$ 23,794</u>

Adair County 911 Regional Trust Authority
Notes to the Financial Statements
June 30, 2019

The scheduled maturity of principal and interest for the next 5 years is as follows:

Year Ended June 30,	Principal	Lease Purchase Interest	Total
2019	\$ 24,389	\$ 2,006	\$ 26,395
2020	46,911	2,953	49,865
2021	28,956	947	29,903
Totals	\$ 100,257	\$ 5,907	\$ 106,163

Note 7-Litigation and Contingencies

As of June 30, 2019, the Adair County 911 Regional Trust Authority is not aware of any pending or threatening litigation. The Authority participates in various state and federal grants for implementation of 911 services for the residents of Adair County. Entitlement to these resources is generally conditioned upon compliance with terms and conditions of the grant and contract agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the Grantors. Any disallowances as a result of these audits will become a liability of the Authority. As of June 30, 2019, the Adair County 911 Regional Trust Authority was not aware of any potential liabilities resulting from such audits.

Note 8-Dependence Upon Funding Sources

The Authority is heavily dependent on the 911 surcharges and Supplemental Appropriations from Adair County, any variations in these sources could have severe impacts upon the Authority.

Note 9-Agreements with Other Governmental Agencies and Entities

The Authority has agreements to pay a dispatcher's supplement to the Sheriff's Department of Adair County. The Authority has an agreement with the Adair County Jail Trust Authority to house certain computer and routing equipment in the Jail Trust Building. The Authority has agreements with the Stilwell Police Department and with the Westville Police Department to place 911 equipment in the offices of those two departments.

Adair County 911 Regional Trust Authority
Notes to the Financial Statements
June 30, 2019

Note 10-Use Of Estimates

The Authority has used estimates in its financial statements. These estimates include the estimation of the useful life of fixed assets. Actual results, thus, may differ from the estimates presented in these financial statements.

Note 11-Subsequent Events

Subsequent events have been evaluated through the date the financial statements were available to be issued.

MICHAEL W. GREEN
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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 Directors
Adair County 911 Regional Trust Authority
Stilwell, Oklahoma

I 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 business-type activities of the Adair County 911 Regional Trust Authority, (the Authority), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated December 19, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit, 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.

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 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 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.

My consideration of internal control 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. I did not identify any deficiencies in internal control that I consider to be material weaknesses or significant deficiencies.

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*.

Purpose of this Report

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

Regards,

A handwritten signature in black ink, appearing to read "Mike Green". The signature is stylized and cursive.

Michael Green, CPA

December 19, 2019