

# ADAIR COUNTY 911 REGIONAL TRUST AUTHORITY

## AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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, 2020

TABLE OF CONTENTS

|   |   |
|---|---|
| Independent Auditor's Report  | 1 |
| Financial Statements  |   |
| Statement of Net Position   | 3 |
| Statement of Revenue, Expenses & Changes in Net Position  | 4 |
| Statement of Cash Flows   | 5 |
| Notes to the Financial Statements   | 6 |
| Independent Auditors Report on Internal Control Over Financial<br>Reporting and on and Compliance and Other Matters Based<br>on an Audit of Financial Statements Performed in accordance<br>with <i>Government Auditing Standards</i> | 9 |

**MICHAEL W. GREEN**  
***Certified Public Accountant***

827 W. Locust St.  
Stilwell, Ok. 74960  
(918) 696-6298

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

I have audited the accompanying financial statements of the business-type activities of the Adair County 911 Regional Trust Authority (the Authority), a component unit of Adair County, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic 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***

My responsibility is to express opinions 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 Authority'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 Authority'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 opinions.

### ***Opinions***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority as of June 30, 2020, and the respective changes in financial position, and, where applicable, 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 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 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 November 30, 2020, 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 solely 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 effectiveness of the Authority's 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 Authority's internal control over financial reporting and compliance.

Regards,

A handwritten signature in black ink, appearing to read "Mike Green", is positioned above the printed name.

Michael Green, CPA  
Stilwell, OK

November 30, 2020

**Adair County 911 Regional Trust Authority**  
**Statement of Net Position**  
**June 30, 2020**

**Assets**

Current Assets:

|                                 |                |
|---------------------------------|----------------|
| Cash and Cash Equivalents       | \$ 244,739     |
| Telephone Surcharges Receivable | 34,608         |
| Total Current Assets            | <u>279,347</u> |

Noncurrent Assets:

|                               |                  |
|-------------------------------|------------------|
| Equipment                     | 858,942          |
| Less Accumulated Depreciation | <u>(795,994)</u> |
| Total Noncurrent Assets       | <u>62,948</u>    |

|              |                       |
|--------------|-----------------------|
| Total Assets | <u><u>342,295</u></u> |
|--------------|-----------------------|

**Liabilities**

Current Liabilities:

|                                   |               |
|-----------------------------------|---------------|
| Accounts Payable                  | 501           |
| Accrued Interest Payable          | 947           |
| Current Portion of Long Term Debt | <u>28,956</u> |
| Total Current Liabilities         | <u>30,404</u> |

Longterm Liabilities:

|                            |               |
|----------------------------|---------------|
| Lease-Purchase Payable     | <u>22,522</u> |
| Total Longterm Liabilities | <u>22,522</u> |

|                   |               |
|-------------------|---------------|
| Total Liabilities | <u>52,926</u> |
|-------------------|---------------|

**Net Position**

|   |                          |
|---|--------------------------|
| Invested in capital assets, net of related debt | 11,470                   |
| Unrestricted                                    | <u>277,899</u>           |
| Total Net Position                              | <u><u>\$ 289,369</u></u> |

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, 2020**

|  |             |
|--|-------------|
| <b>Operating Revenues</b>                                |             |
| Telephone Surcharges                                     | \$ 208,616  |
|  | <hr/>       |
| Total Operating Revenues                                 | 208,616     |
| <b>Operating Expenses</b>                                |             |
| Car and Truck  | 6,014       |
| Depreciation Expense                                     | 57,602      |
| Dispatcher Support                                       | 4,200       |
| Interest Expense   | 2,812       |
| Office Expense   | 789         |
| Payroll Expenses   | 34,693      |
| Professional Fees  | 21,750      |
| Software Lease, Support                                  | 7,665       |
| Telephone  | 58,711      |
| All Other  | 443         |
|  | <hr/>       |
| Total Operating Expense                                  | 194,679     |
|  | <hr/>       |
| Operating Income (Loss)                                  | 13,937      |
|  |             |
| Change in Net Position                                   | 13,937      |
|  |             |
| Net Position - Beginning of Year, as previously reported | 273,958     |
|  |             |
| Prior period adjustment (see Note 1)                     | 1,474       |
|  | <hr/>       |
| Net position beginning of year restated                  | 275,432     |
|  |             |
| Net Position - End of Year                               | \$ 289,369  |
|  | <hr/> <hr/> |

The accompanying notes are an integral part of these financial statements

**Adair County 911 Regional Trust Authority**  
**Statement of Cash Flows**  
**June 30, 2020**

**Cash Flows from Operating Activities**

|   |               |
|---|---------------|
| Cash received from Telephone Surcharges and Supplemental Appropriations | \$ 209,012    |
| Cash Paid to Employees  | (34,693)      |
| Cash Paid to Suppliers  | (104,132)     |
| Net Cash Provided by Operations   | <u>70,187</u> |

**CASH FLOWS FROM CAPITAL AND RELATED  
FINANCING ACTIVITIES**

|  |                 |
|--|-----------------|
| Net Increase(Decrease) in Capital Debt | <u>(48,779)</u> |
|--|-----------------|

**Net Cash Provided (used) by Capital and  
Related Financing Activities**

(48,779)

|                                 |        |
|---------------------------------|--------|
| Net Increase (Decrease) in Cash | 21,408 |
|---------------------------------|--------|

|                           |                |
|---------------------------|----------------|
| Cash at Beginning of Year | <u>223,331</u> |
|---------------------------|----------------|

|                     |                          |
|---------------------|--------------------------|
| Cash at End of Year | <u><u>\$ 244,739</u></u> |
|---------------------|--------------------------|

**Reconciliation of Operating Income to Net Cash**

**Provided by Operating Activities**

|  |                |
|--|----------------|
| Operating Income (Loss)  | \$ 13,937      |
| Adjustment to Reconcile Operating Income (Loss) to Net Cash<br>provided by Operating Activities: |                |
| Depreciation   | 57,602         |
| Decrease (Increase) in Receivables   | 396            |
| Increase (Decrease) in Payables  | (548)          |
| Increase (Decrease) in Accrued Interest Payable  | <u>(1,200)</u> |

|   |                         |
|---|-------------------------|
| Net Cash Provided by Operating Activities | <u><u>\$ 70,187</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, 2020**

**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 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.

**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 remitted to the Oklahoma Tax Commission who then remits to the Adair County Treasurer who then remits to The Authority.



## 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, 2019 | Additions | Disposals | June 30, 2020 |
| Property and Equipment     | \$ 858,942    | -         | -         | \$ 858,942    |
| Accumulated Depreciation   | (738,392)     | (57,602)  | -         | (795,994)     |
| Net Property and Equipment | \$ 120,550    | (57,602)  | -         | \$ 62,948     |

## Note 6- Long Term Debt

At June 30, 2020, 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%.

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

| Year end June 30, | Principal | Interest | Total     |
|-------------------|-----------|----------|-----------|
| 2020              | 28,956    | 947      | 29,903    |
| 2021              | 22,522    | 947      | 23,469    |
| Total             | \$ 51,478 | \$ 1,894 | \$ 53,372 |

## Note 7-Litigation and Contingencies

As of June 30, 2020, 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, 2020, 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, any variations in this source 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.

**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-Contingencies and Uncertainties**

The Organization receives substantially all its revenues from donations that allow the organization to administer various programs. If the donations that fund the various programs were to be reduced due to a reduction in donor pledges, the assets of the organization could be materially affected.

During March 2020, the World Health Organization declared a pandemic with the outbreak of the COVID-19 and declared a "Public Health Emergency of International Concern". The U.S. Government and local governmental authorities implemented procedures to attempt to contain the virus and lessen its impact. The spread of this virus has caused business interruptions that are expected to continue for the foreseeable future. The extent of the impact of COVID-19 on the Organization's operational and financial performance has not yet been determined. As such, these financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Note 12-Subsequent Events**

Subsequent events have been evaluated through November 30, 2020, which is the date the financial statements were available to be issued.

# MICHAEL W. GREEN

## Certified Public Accountant

827 W. Locust St.  
Stilwell, Ok. 74960  
(918) 696-6298

### 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*

The 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), a component unit of Adair County, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued my report thereon dated November 30, 2020.

#### **Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. 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 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 Authority'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.

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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 from 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 solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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.

Regards,

A handwritten signature in black ink, appearing to read 'Mike Green', with a stylized, cursive script.

Michael Green, CPA  
Stilwell, OK

November 30, 2020