

ADAIR COUNTY 911 REGIONAL TRUST AUTHORITY

(A Component Unit of Adair County, Oklahoma)

ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2023

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

ADAIR COUNTY 911 REGIONAL TRUST AUTHORITY
(A Component Unit of Adair County, Oklahoma)
ANNUAL FINANCIAL STATEMENTS & INDEPENDENT AUDITOR'S REPORT
June 30, 2023

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MICHAEL W. GREEN

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Adair County 911 Regional Trust Authority
Stilwell, Oklahoma

Opinion

I have audited the accompanying modified cash basis financial statements 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, 2023, and the related notes to the financial statements, as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the Authority, as of June 30, 2023, and the changes in its modified cash basis financial position and cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinion

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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Authority, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matters

I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinions are not modified with respect to this matter.

Also, discussed in Note 1, the financial statements present only the Authority and do not purport to, and do not, present fairly the financial position of Adair County, Oklahoma, as of June 30, 2023, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with the modified cash basis of accounting. My opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1 and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

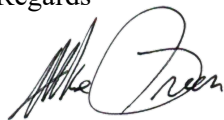
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated October 9, 2024, 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 Authority's internal control over financial reporting and compliance.

Regards



Michael Green, CPA
Stilwell, Oklahoma
October 9, 2024

Adair County 911 Regional Trust Authority
(A Component Unit of Adair County, Oklahoma)
Statement of Net Position - Modified Cash Basis
June 30, 2023

Assets

Current Assets:

Cash and Cash Equivalents	\$ 463,151
Total Current Assets	<u>463,151</u>

Noncurrent Assets:

Property and Equipment	1,222,726
Less Accumulated Depreciation	<u>(792,551)</u>
Total Noncurrent Assets	<u>430,175</u>

Total Assets	<u><u>\$ 893,326</u></u>
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Liabilities

Total Liabilities	\$ -
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Net Position

Invested in capital assets, net of related debt	430,175
Unrestricted	<u>463,151</u>
Total Net Position	<u><u>\$ 893,326</u></u>

The accompanying notes and auditor's reports are an integral part of these financial statements.

Adair County 911 Regional Trust Authority
(A Component Unit of Adair County, Oklahoma)
Statement of Revenues, Expenses and Change in Net Position -
Modified Cash Basis
For the Year Ended 6/30/2023

Operating Revenues

Telephone Surcharges	\$ 221,744
Total Operating Revenues	<u>221,744</u>

Operating Expenses

Advertisement	5,303
Supplies	1,568
Utilities	2,805
Taxes	1,778
Payroll expenses	44,305
Professional Fees	5,450
Telephone and lines	65,867
Repairs	7,153
Office expense	2,445
Depreciation	25,280
Other	2,234
Total Operating Expense	<u>164,188</u>

Operating Income (Loss)	<u>57,556</u>
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Change in Net Position	57,556
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Net Position - Beginning of Year	372,858
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Prior Period Adjustment	<u>462,912</u>
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Net Position - Beginning of Year - Restated	<u>835,770</u>
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Net Position - End of Year	<u><u>\$ 893,326</u></u>
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The accompanying notes and auditor's reports are an integral part of these financial statements.

Adair County 911 Regional Trust Authority
(A Component Unit of Adair County, Oklahoma)
Statement of Cash Flows - Modified Cash Basis
For the Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from Telephone Surcharges	\$ 257,785
Cash Paid to Employees	(44,305)
Cash Paid to Suppliers	(170,030)
Net Cash Provided by Operations	<u>43,450</u>

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

Additions to Fixed Assets	(34,623)
Disposal of Fixed Assets	69,665
Net Cash Used by Capital and Related Financing Activities	<u>35,042</u>

Net Increase in Cash	78,492
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Cash at Beginning of Year, Restated	<u>384,659</u>
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Cash at End of Year	<u><u>\$ 463,151</u></u>
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Reconciliation of Operating Income to Net Cash

Provided by Operating Activities

Operating Income (Loss)	\$ 57,556
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Adjustment to Reconcile Operating Income (Loss) to Net Cash
provided by Operating Activities:

Depreciation	25,280
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Reconciliation to Modified Cash Basis	(39,386)
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Net Cash Provided by Operating Activities	<u><u>\$ 43,450</u></u>
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The accompanying notes and auditor's reports are an integral part of these financial statements.

Adair County 911 Regional Trust Authority
(A Component Unit of Adair County, Oklahoma)
Notes to the Financial Statements
June 30, 2023

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 (the Authority) in March 1997.

The Authority's financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

Basis of Accounting

In fiscal year 2023, the Authority changed its policy to prepare its financial statements on the modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets, and liabilities resulting from cash transactions adjusted for certain modifications that have substantial support in generally accepted accounting principles.

As a result of the use of this modified cash basis of accounting, certain assets, and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

As a result of the Authority's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and sick leave) and compensatory time earned but unpaid at year-end, and any employer-related costs earned and unpaid, are not reflected in the financial statements as liabilities, but are normally reported as a commitment disclosure.

Reporting Entity

The Adair County 911 Regional Trust Authority is a component unit of Adair County, 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.

Prior Period Adjustment

A prior period adjustment was made to record assets purchased in prior period.

Note 2- Cash

The Authority's operating funds are on deposit with the Adair County Treasurer at Armstrong Bank, in Stilwell, Oklahoma. All funds are covered by FDIC or collateral pledges. 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- 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 4- 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 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 6/30/2022 <u>Restated</u>	<u>Additions</u>	<u>Deletions</u>	Balance 6/30/2023 <u></u>
Business-type activities:				
Other capital assets:				
Property and Equipment	<u>\$ 1,257,768</u>	<u>\$ 34,623</u>	<u>\$ (69,665)</u>	<u>\$ 1,222,726</u>
Total other capital assets at historical cost	1,257,768	34,623	(69,665)	1,222,726
Less accumulated depreciation for:				
Total accumulated depreciation	<u>(836,936)</u>	<u>(25,280)</u>	<u>69,665</u>	<u>(792,551)</u>
Other capital assets, net	<u>420,832</u>	<u>9,343</u>	<u>-</u>	<u>430,175</u>
Business-type activities capital assets, net	<u><u>\$ 420,832</u></u>	<u><u>\$ 9,343</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 430,175</u></u>

Note 5- Long Term Debt

At June 30, 2023, the Authority had no long term debt.

Note 6- Litigation and Contingencies

As of June 30, 2023, 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, 2023, the Adair County 911 Regional Trust Authority was not aware of any potential liabilities resulting from such audits.

Note 7- Dependence Upon Funding Sources

The Authority is heavily dependent on the 911 surcharges and any variations in this funding source could have severe impacts upon the Authority.

Note 8- 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 9- 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 10- Subsequent Events

Subsequent events have been evaluated through October 9, 2024, which is the date the financial statements were available to be issued.

MICHAEL W. GREEN
Certified Public Accountant
827 W. Locust Street
STILWELL, OK. 74960
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees
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 modified cash basis financial statements 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, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated October 9, 2024. My report included emphasis-of-matter paragraphs describing that the Authority's financial statements do not represent the financial position of Adair County, Oklahoma and the financial statements are presented using the modified cash basis of accounting.

Report on 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) as a basis for designing 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 or significant deficiencies. However, material weakness may exist that have not been identified.

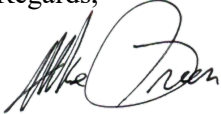
Report on Compliance and Other Matters

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 financial statements. 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 large, stylized 'G'.

Michael Green, CPA
Stilwell, Oklahoma
October 9, 2024