

# **ADAIR COUNTY 911 REGIONAL TRUST AUTHORITY**

## **ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED JUNE 30, 2021**

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

ADAIR COUNTY 911 REGIONAL TRUST AUTHORITY  
ANNUAL FINANCIAL STATEMENTS & INDEPENDENT AUDITOR'S REPORT  
June 30, 2021

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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 (the Authority), a component unit of Adair County, Oklahoma, as of and for the year ended June 30, 2021, 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.

## ***Opinion***

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, 2021, 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.

## ***Emphasis of Matter***

As 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, as of June 30, 2021, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. My opinion is not modified with respect to this matter.

## ***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 January 6, 2022, 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,



Michael Green  
Certified Public Accountant

January 6, 2022

**Adair County 911 Regional Trust Authority**  
**Statement of Net Position**  
**June 30, 2021**

**Assets**

Current Assets:

Cash and Cash Equivalents	\$ 259,070
Telephone Surcharges Receivable	35,159
Total Current Assets	<u>294,229</u>

Noncurrent Assets:

Equipment	879,261
Less Accumulated Depreciation	<u>(831,066)</u>
Total Noncurrent Assets	<u>48,195</u>

Total Assets	<u><u>342,424</u></u>
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**Liabilities**

Current Liabilities:

Accounts Payable	<u>9,981</u>
Total Current Liabilities	<u>9,981</u>

Total Liabilities	<u><u>9,981</u></u>
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**Net Position**

Invested in capital assets, net of related debt	48,195
Unrestricted	<u>284,248</u>
Total Net Position	<u><u>\$ 332,443</u></u>

The accompanying notes and auditors report are an integral part of these financial statements.

**Adair County 911 Regional Trust Authority**  
**Statement of Revenues, Expenses, and Change in Net Position For the Year Ended**  
**June 30, 2021**

**Operating Revenues**

Telephone Surcharges	\$ 213,178
Grant income	39,883
Other	<u>575</u>
Total Operating Revenues	253,636

**Operating Expenses**

Car and Truck	199
Depreciation Expense	35,071
Dispatcher Support	6,000
Interest Expense	365
Office Expense	2,054
Payroll Expenses	35,265
Professional Fees	4,740
Software Lease, Support	9,161
Telephone	65,068
Feasibility	49,854
All Other	<u>3,207</u>
Total Operating Expense	<u>210,984</u>

Operating Income (Loss)	42,652
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Change in Net Position	42,652
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Net Position - Beginning of Year, as previously reported	289,369
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Prior period adjustment (see Note 1)	<u>422</u>
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Net position beginning of year restated	289,791
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Net Position - End of Year	<u><u>\$ 332,443</u></u>
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The accompanying notes and auditors report are an integral part of these financial statements.

**Adair County 911 Regional Trust Authority**  
**Statement of Cash Flows For the Year Ended**  
**June 30, 2021**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from Telephone Surcharges and Supplemental Appropriations	\$ 253,085
Cash Paid to Employees	(35,265)
Cash Paid to Suppliers	(132,114)
Net Cash Provided by Operations	<u>85,706</u>

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

Net Increase(Decrease) in Capital Purchases	(20,319)
Net Increase(Decrease) in Capital Debt	<u>(51,478)</u>

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

(71,797)

Net Increase in Cash	13,909
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Cash at Beginning of Year	<u>245,161</u>
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Cash at End of Year	<u><u>\$ 259,070</u></u>
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**Reconciliation of Operating Income to Net Cash**

**Provided by Operating Activities**

Operating Income (Loss)	\$ 42,652
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Adjustment to Reconcile Operating Income (Loss) to Net Cash  
provided by Operating Activities:

Depreciation	35,071
Decrease (Increase) in Receivables	(551)
Increase (Decrease) in Payables	9,481
Increase (Decrease) in Accrued Interest Payable	<u>(947)</u>

Net Cash Provided by Operating Activities	<u><u>\$ 85,706</u></u>
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The accompanying notes and auditors report are an integral part of these financial statements.

**Adair County 911 Regional Trust Authority**  
**Notes to the Financial Statements**  
**June 30, 2021**

**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.

**Prior Period Adjustment**

Prior period adjustment due to expired warrants.

**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. No allowance for doubtful accounts is recorded. All receivables are for franchise fees collected by the State of Oklahoma.



#### **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 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 6/30/2020	Additions	Deletions	Balance 6/30/2021
Business-type activities:				
Other capital assets:				
Equipment	\$ 858,942	\$ 20,319	\$ -	\$ 879,261
Total other capital assets at historical cost	<u>858,942</u>	<u>20,319</u>	<u>-</u>	<u>879,261</u>
Less accumulated depreciation for:				
Total accumulated depreciation	<u>(795,995)</u>	<u>(35,071)</u>	<u>-</u>	<u>(831,066)</u>
Other capital assets, net	<u>62,947</u>	<u>(14,752)</u>	<u>-</u>	<u>48,195</u>
Business-type activities capital assets, net	<u>\$ 62,947</u>	<u>\$ (14,752)</u>	<u>\$ -</u>	<u>\$ 48,195</u>

#### **Note 6- Long Term Debt**

At June 30, 2021, the Authority has no outstanding Lease Purchase Agreement with option to purchase with Motorola Credit Corporation. The lease 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%. This lease purchase was paid in full as of June 30, 2021.

#### **Note 7-Litigation and Contingencies**

As of June 30, 2021, 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, 2021, 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-Uncertainties**

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 Authority'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 January 6, 2022, which is the date the financial statements were available to be issued.

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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, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated January 6, 2022.

***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 Authority'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 Authority's internal control or 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

January 6, 2022