

**Craig County E-911 Governing
Authority
Craig County, Oklahoma**

ANNUAL FINANCIAL STATEMENTS
AND ACCOMPANYING
INDEPENDENT AUDITOR'S REPORTS

FOR THE YEAR ENDED
DECEMBER 31, 2021

DAVID CLANIN CPA PLLC

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**Craig County E-911 Governing Authority
Board of Trustees
December 31, 2021**

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Kevin Wofford	Vice-Chairman
Tammy Malone	Treasurer
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Allen Goforth	Vice-Secretary
Jim Butcher	Manager
Scotty Butcher	Asst-Manager

**Craig County E-911 Governing Authority
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Craig County E911 Governing Authority

Opinion

We have audited the accompanying financial statements of Craig County E-911 Governing Authority as of and for the year ended December 31, 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Craig County E-911 Governing Authority, as of December 31, 2021, and the changes in its financial position and cash flows for the year then ended in accordance with the modified cash basis of accounting.

Basis for Opinion

We conducted our 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Craig County E-911 Governing Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, and 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our 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 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*, we:

- 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 Craig County E911 Governing 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2022, on our consideration of the Craig County E-911 Governing 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 controls 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 the Craig County E-911 Governing Authority's internal control over financial reporting and compliance.

 CPA PLLC

May 16, 2022

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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**

To the Board of Trustees
Craig County E-911 Governing Authority
Craig County, 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 business-type activities of the Craig County E-911 Governing Authority, Craig County, Oklahoma, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Craig County E-911 Governing Authority's basic financial statements, and have issued our report thereon dated May 16, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Craig County E-911 Governing 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Craig County E-911 Governing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Craig County E-911 Governing 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 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.

Our 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 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 Craig County E-911 Governing Authority's financial statements are free from 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 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "David Clann CPA PLLC". The signature is written in a cursive, flowing style.

May 16, 2022

Craig County E-911 Governing Authority
Statement of Net Position – Modified Cash Basis
December 31, 2021

ASSETS

Current Assets

Cash and Cash Equivalents, Restricted	\$ 48,244.34
Certificates of Deposit	55,021.80
Total Current Assets	<u>103,266.14</u>

Noncurrent Assets

Certificates of Deposit	245,590.74
Capital Assets, net of Accumulated Depreciation	<u>201,034.95</u>
Total NonCurrent Assets	<u>446,625.69</u>

TOTAL ASSETS	<u>549,891.83</u>
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NET POSITION

Investment in Capital Assets	201,034.95
Restricted Net Position	<u>348,856.88</u>
TOTAL NET POSITION	<u><u>\$ 549,891.83</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Craig County E-911 Governing Authority
Statement of Revenues, Expenditures and Changes in Net Position – Modified Cash Basis
For the Year Ended December 31, 2021

Operating Revenues:

Wireless Income	\$ 154,353.67
Tariff Fees	26,036.49
Reimbursement Income	553.29
Total Revenues	<u>180,943.45</u>

Operating Expenses:

Depreciation	31,745.41
Dispatching Fees	24,000.00
Fuel	1,131.96
Insurance	6,460.00
Miscellaneous	2,575.04
Payroll Taxes	27,396.68
Professional Fees	1,981.50
Repairs & Maintenance	10,698.96
Salaries	42,659.78
Supplies	1,602.76
Utilities	50,573.78
Total Expenditures	<u>200,825.87</u>

Operating Income (Loss)	(19,882.42)
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Non-Operating Revenues (Expenses)

Investment Earnings	<u>5,167.28</u>
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Net Income (Loss)	(14,715.14)
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Net Position, Beginning of Year	<u>564,606.97</u>
Net Position, End of Year	<u><u>\$ 549,891.83</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**Craig County E-911 Governing Authority
Statement of Cash Flows – Modified Cash Basis
For the Year Ended December 31, 2021**

Cash Flows from Operating Activities

Cash Inflows:

Payments Received from Customers	\$ 180,943.45
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Cash Outflows:

Payments to Suppliers for Goods and Services	99,024.00
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Payments for Salaries and Benefits	70,056.46
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Total Cash Outflows from Operating Activities	<u>169,080.46</u>
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Net Cash Provided (Used) by Operating Activities	<u>11,862.99</u>
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Cash Flows from Investing Activities

Interest Received	28.91
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Net Cash Provided (Used) by Investing Activities	<u>28.91</u>
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Net Cash Inflow (Outflow) from All Activities	11,891.90
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Cash and Cash Equivalents at Beginning of Year	36,352.44
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Cash and Cash Equivalents at End of Year	<u><u>\$ 48,244.34</u></u>
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**Reconciliation of Operating Income (Loss) to Net Cash
Provided by Operating Activities:**

Operating Income (Loss)	\$ (19,882.42)
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Depreciation	31,745.41
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Net Cash Provided (Used) by Operating Activities	<u><u>\$ 11,862.99</u></u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

Craig County E-911 Governing Authority
Notes to the Financial Statements
For the Year Ended December 31, 2021

I. Summary of Significant Accounting Policies

The following notes to the financial statements are an integral part of the Authority's financial statements.

The Craig County E-911 Governing Authority (Authority) was established as a public trust under and pursuant to the laws of the state of Oklahoma (generally but not exclusively, sections 176-180.3, inclusive of Title 60, Oklahoma Statutes 2001 Supplement and the Oklahoma Trust act) on behalf of Craig County, Oklahoma, naming the County as beneficiary. The primary purpose of the Authority is to provide for the collection, monitoring, and safeguarding of public funds collected to pay for the installation and maintenance of the E-911 equipment and the installation and maintenance of the lines and equipment for enhanced 911 services for Craig County.

A. Financial Reporting Entity

The Authority defines component units as legally separate organizations for which the elected officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Authority considered all potential component units in determining what organizations should be included in the financial statements. Based on these criteria, there are no component units to include in the Authority's financial statements.

The Authority's fund is an enterprise fund. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The accompanying financial statements have been prepared on the modified cash basis. Under the modified cash basis of accounting, nearly all elements of the income statement are recorded using the cash basis, and accounts receivable and accounts payable are not recorded in the balance sheet.

Craig County E-911 Governing Authority
Notes to the Financial Statements
For the Year Ended December 31, 2021

I. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities and Equity

Cash and Cash Equivalents

For the purpose of the Statement of Net Position, “Cash and Cash Equivalents” includes all demand, savings accounts and certificates of deposit of the Authority that have a maturity of three months or less.

Fair Value of Financial Instruments

The Authority’s financial statements include cash and investments. The Authority’s estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Receivables

Receivables are not displayed in modified cash basis financial statements as revenues are recorded when cash is received.

Fixed Assets

All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. The Authority’s capitalization policy is \$1,000.00

Depreciation of all exhaustible fixed assets is recorded as an allocated expense. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation.

The Authority estimates useful lives of 5-20 years on equipment.

Net Position

Proprietary fund financial statements report net position. Amounts invested in capital assets, net of related debt and legally restricted amounts are separated from unrestricted net position:

- a. Invested in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net position – Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

Craig County E-911 Governing Authority
Notes to the Financial Statements
For the Year Ended December 31, 2021

I. Summary of Significant Accounting Policies (continued)

D. Revenues, Expenditures and Expenses

Wireless Income

Revenues from wireless fees include amounts due to the Authority from taxes collected by the State of Oklahoma and disbursed by the Oklahoma Tax Commission on a monthly basis.

Tariff Fees

Revenues from tariff fees include amounts due to the Authority from taxes collected by the local telephone companies.

Investment Earnings

Investment earnings include interest on certificates of deposit.

E. Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and 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 those estimates.

II. Stewardship, Compliance and Accountability

By its nature as a component unit of a local government unit, the Authority is subject to various federal, state and local laws and contractual regulations. An analysis of the Authority's compliance with significant laws and regulations and demonstration of its stewardship over Authority resources follows.

A. Budgetary Information

Stewardship, compliance, and accountability are key concepts in defining the responsibilities of the Craig County E-911 Governing Authority. The use of budgets and monitoring of equity status facilitate the Authority's compliance with legal requirements. The Authority prepared a budget for the 2021 fiscal year.

B. Deposit and Investments Laws and Regulations

State statutes govern the Authority's investment policy. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. Investments are stated at cost. The Authority invests entirely in certificates of deposit and U.S. Treasury Securities.

Craig County E-911 Governing Authority
Notes to the Financial Statements
For the Year Ended December 31, 2021

II. Stewardship, Compliance and Accountability (continued)

C. Revenue Restrictions

The Authority's revenues are restricted solely for Craig County E-911 purposes. For the year ended December 31, 2021, the Authority complied, in all material respects, with this revenue restriction.

III. Detailed Notes on Transaction Classes/Accounts

A. Deposits and Investments

State statutes govern the Authority's investment policy. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. Investments are stated at cost.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's cash deposits are maintained in financial institutions. As of December 31, 2021, none of the Authority's deposits were exposed to custodial credit risk.

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Trust does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

B. Capital Assets

Capital asset activity for the year was as follows:

	Balance December 31, 2020	Additions	Disposals	Balance December 31, 2021
Buildings	\$ 6,067.63	\$ -	\$ -	\$ 6,067.63
Furniture and Equipment	365,242.67	-	-	365,242.67
Vehicles	15,125.00	-	-	15,125.00
Total Depreciable Assets	386,435.30	-	-	386,435.30
Accumulated Depreciation	(153,654.94)	(31,745.41)	-	(185,400.35)
Net Capital Assets	\$ 232,780.36	\$ (31,745.41)	\$ -	\$ 201,034.95

Craig County E-911 Governing Authority
Notes to the Financial Statements
For the Year Ended December 31, 2021

IV. Other Information

A. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The Authority purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

B. Subsequent Events

Management has evaluated subsequent events through the date of the Independent Auditor's report, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.

C. Contingent Liabilities

The governing board of the Authority is not aware of any pending or threatened legal actions against it. However, any such actions would probably be covered by insurance.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.