

**Delaware County E-911 Trust
Authority
Delaware County, Oklahoma**

ANNUAL FINANCIAL STATEMENTS
AND ACCOMPANYING
INDEPENDENT AUDITOR'S REPORTS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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**Delaware County E-911 Trust Authority
Delaware County, Oklahoma
Officials**

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Delaware County E-911 Trust Authority
Delaware County, Oklahoma
Table of Contents

Independent Auditor's Report	1-2
Report Required by <i>Government Auditing Standards</i> :	3-4
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	
Financial Statements:	
Statement of Net Position - Modified Cash Basis	5
Statement of Revenues, Expenditures and Changes in Net Position – Modified Cash Basis	6
Statement of Cash Flows – Modified Cash Basis	7
Notes to the Financial Statements	8-14

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Delaware County E-911 Trust Authority
Delaware County, Ok

We have audited the accompanying financial statements of the business-type activities of Delaware County E-911 Trust Authority as of June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basis 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 the modified cash basis of accounting described in Note 1; this includes 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Delaware County E-911 Trust Authority as of June 30, 2021, and the respective changes in net position and cash flows for the year then ended in accordance with the modified cash basis of accounting.

Basis of Accounting

We 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. Our opinions are not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2022, on our consideration of Delaware County E-911 Trust 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 control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Delaware County E-911 Trust Authority's internal control over financial reporting and compliance.

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

DAVID CLANIN, CPA PLLC

May 23, 2022

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**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 Directors
Delaware County E-911 Trust Authority
Delaware County, Ok

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 accompanying financial statements of the business-type activities of Delaware County E-911 Trust Authority, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 23, 2022.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered Delaware County E-911 Trust 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 Delaware County E-911 Trust Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Delaware County E-911 Trust 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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 Delaware County E-911 Trust 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 Clanin CPA PLLC". The signature is written in a cursive, flowing style.**DAVID CLANIN, CPA PLLC**

May 23, 2022

Delaware County E-911 Trust Authority
Statement of Net Position – Modified Cash Basis
June 30, 2021

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 237,174.94
Certificates of Deposit	252,943.55
Total Current Assets	<u>490,118.49</u>

Capital Assets:

Property, Plant and Equipment, Net	345,723.12
Total Assets	<u>835,841.61</u>

LIABILITIES

Current Liabilities:

Payroll Taxes Payable	2,206.34
Employee Benefits Payable	2,849.88
Current Portion of Long-Term Debt	28,396.04
Total Current Liabilities	<u>33,452.26</u>

NET POSITION

Net Investment in Capital Assets	317,327.08
Unassigned	485,062.27
Total Net Position	<u>\$ 802,389.35</u>

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

Delaware County E-911 Trust Authority
Statement of Revenues, Expenditures, and Changes in Net Position – Modified Cash Basis
For the Year Ended June 30, 2021

	Net (Expenses) Revenue
Revenues:	
Tariff Fees	\$ 278,341.00
Other Revenue	11,734.27
Total Revenues	<u>290,075.27</u>
Expenditures:	
Accounting	2,700.00
Auditing	4,500.00
Depreciation	46,890.92
Dues and Subscriptions	1,700.00
Insurance	14,781.60
Internet	2,857.41
Liability Insurance	11,145.00
Licenses & Fees	180.00
Office Expense	2,076.90
Payroll Taxes	7,289.99
Repairs and Maintenance	8,338.89
Retirement	14,966.40
Salaries	90,705.84
Software Maintenance	8,381.00
Supplies	2,455.95
Telephone	29,205.43
Workers Comp	1,008.00
Miscellaneous Expense	1,244.81
Total Expenditures	<u>250,428.14</u>
Operating Revenue (Expense)	<u>39,647.13</u>
Non Operating Revenue (Expense)	
Interest Income	1,561.73
Grant Income	78,385.38
Interest Expense	(1,453.24)
Total Non Operating Revenue (Expense)	<u>78,493.87</u>
Net Income (Loss)	118,141.00
Net Position, Beginning of Year	684,248.35
Net Position, End of Year	<u><u>\$ 802,389.35</u></u>

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

Delaware County E-911 Trust Authority
Statement of Cash Flows– Modified Cash Basis
For the Year Ended June 30, 2021

Cash Flows from Operating Activities

Cash Inflows:

Payments Received from Customers	\$ 278,341.00
Other Income Received for Operating Activities	11,734.27
Total Cash Outflows from Operating Activities	<u>290,075.27</u>

Cash Outflows:

Payments to Suppliers for Goods and Services	105,541.39
Payments for Salaries and Benefits	97,853.32
Total Cash Outflows from Operating Activities	<u>203,394.71</u>

Net Cash Provided (Used) by Operating Activities	<u>86,680.56</u>
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Cash Flows from Capital and Related Financing Activities

Payment of Principal on Notes Payable	(30,039.44)
Payment of Interest on Note Payable	(1,453.24)
Purchase of Capital Assets	(8,164.23)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(39,656.91)</u>

Cash Flows from Investing Activities

Proceeds of Cashed in CD's	25,083.48
Grant Received	78,385.38
Interest Received	249.05
Net Cash Provided (Used) by Investing Activities	<u>103,717.91</u>

Net Cash Inflow (Outflow) from All Activities	150,741.56
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Cash and Cash Equivalents at Beginning of Year	86,433.38
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Cash and Cash Equivalents at End of Year	<u>\$ 237,174.94</u>
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Reconciliation of Operating Income (Loss) to Net Cash

Provided by Operating Activities:

Operating Income (Loss)	\$ 39,647.13
Depreciation	46,890.92
Increase (Decrease) in:	
Accrued Payables	142.51
Net Cash Provided (Used) by Operating Activities	<u>\$ 86,680.56</u>

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

Delaware County E-911 Trust Authority
Notes to the Financial Statements
For the Year Ended June 30, 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 Delaware County E-911 Trust Authority was created by declaration of Trust dated January 14, 1999 to provide for the collection of, monitoring, and safeguarding public funds collected to pay for the installation and maintenance of E-911 equipment and Enhanced E-911 service for Delaware County.

The Authority's financial statements are prepared 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, and liabilities resulting from cash transactions, adjusted for modifications that have substantial support in generally accepted accounting principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this Note.

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.

Delaware County E-911 Trust Authority
Notes to the Financial Statements
For the Year Ended June 30, 2021

I. Summary of Significant Accounting Policies (continued)

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.

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 with an original maturity of three months or less.

Receivables

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

Fixed Assets

Fixed assets include property, plant and equipment. The Board has approved a capitalization threshold of an initial individual cost of more than \$2,000 and an estimated useful life of more than one year. Fixed assets are accounted for as capital 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.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. 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.

Delaware County E-911 Trust Authority
Notes to the Financial Statements
For the Year Ended June 30, 2021

I. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities and Equity (continued)

Statement of Net Position

Equity is classified as net position and displayed in three components:

- a. Net Investment 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.

D. Revenues, Expenditures and Expenses

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 modified cash basis financial statements 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

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 Delaware County E-911 Trust 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.

Delaware County E-911 Trust Authority
Notes to the Financial Statements
For the Year Ended June 30, 2021

II. Stewardship, Compliance and Accountability (continued)

B. Deposit and Investments Laws and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Authority must have a written collateral agreement approved by the board of directors or loan committee.

Investments of any Town or County (excluding Public Trusts) whose population exceeds 3,000 according to the latest census information are restricted by state law. Public trusts created under O.S. Title 60 are not subject to these investment limitations and are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2021, the Authority complied, in all material respects, with these investment restrictions.

C. Revenue Restrictions

The Authority's revenues are restricted solely for Delaware County E-911 purposes. For the year ended June 30, 2021, the Authority complied, in all material respects, with this revenue restriction.

III. Detailed Notes Concerning the Funds

A. Deposits and Investments

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, including interest-bearing certificates of deposit, are maintained in financial institutions. As of June 30, 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 Authority 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.

Delaware County E-911 Trust Authority
Notes to the Financial Statements
For the Year Ended June 30, 2021

III. Detailed Notes Concerning the Funds

B. Capital Assets

Capital asset activity for the year was as follows:

	Balance June 30, 2020	Additions	Disposals	Balance June 30, 2021
Governmental Activities:				
Depreciable assets:				
Equipment	\$ 811,067.95	\$ 8,164.23	\$ -	\$ 819,232.18
Accumulated Depreciation:				
Equipment	(426,618.14)	(46,890.92)	-	(473,509.06)
Net Capital Assets	\$ 384,449.81	\$ (38,726.69)	\$ -	\$ 345,723.12

C. Long-Term Debt

On May 24, 2017, the Authority executed a note payable with Grand State Bank in the amount of \$145,137.56 (including loan costs) to purchase a new 911 system. The interest on the note is 3.25% per annum, with monthly payments of \$2,624.39 through May 24, 2022.

Year Ended June 30, 2022	Principal	Interest	Total
	\$ 28,396.04	\$ 472.25	\$ 28,868.29

D. Changes in Long-Term Debt

The following is a summary of the changes in general long-term debt for the fiscal year ended June 30, 2021:

	Balance June 30, 2020	Proceeds	Payments	Balance June 30, 2021	Due Within One Year
Notes Payable	\$ 58,435.48	\$ -	\$ 30,039.44	\$ 28,396.04	\$ 28,396.04

Delaware County E-911 Trust Authority
Notes to the Financial Statements
For the Year Ended June 30, 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 four fiscal years.

B. Defined Benefit Pension Plan

The Delaware County E-911 Trust Authority is a participating employer in the Oklahoma Public Employees Retirement System (OPERS). The plan is funded by State and employee contributions and earnings from investments and is a cost-sharing multiple-employer defined benefit plan. Benefits are established and changed under the authority of the Oklahoma Legislature.

All regular, full-time employees beginning their sixth month of employment are required to contribute to the retirement system.

Pension provisions include death and disability benefits. The retirement system provides various options that the member may choose for their designated beneficiary including a one-time lump sum payment, or the surviving spouse may receive death benefits for life. Disability benefits are also provided to the disabled employee.

The Authority is required to contribute 11.5% of each participating employee's salary. The participant is required to contribute 3.5% from eligible compensation. Contribution requirements are established and may be changed by the Oklahoma Legislature. The Authority's contributions to the plan for the years ended June 30, 2021, 2020, and 2019 are summarized as follows:

Year Ending June 30,	
2021	\$ 14,966.40
2020	\$ 14,684.88
2019	\$ 14,190.22

The Oklahoma Public Employees Retirement System issues a publicly available financial report that may be obtained by writing to P.O. Box 53007, Oklahoma City, OK 73152-2381 or calling 1-800-733-9008.

Delaware County E-911 Trust Authority
Notes to the Financial Statements
For the Year Ended June 30, 2021

C. Commitments and Contingencies

The Delaware County E-911 Trust Authority is not aware of any pending or threatened legal actions against it.

D. Subsequent Events

Management has evaluated subsequent events through the date the statements were available to be issued and there are no subsequent events that would require adjustment to or disclosure in the statements.