

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

**Basic Financial Statements
June 30, 2023**

DAVID CLANIN CPA PLLC

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

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Ron Neal

Assistant Coordinator

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Delaware County E-911 Trust Authority
Delaware County, Oklahoma
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Delaware County E-911 Trust Authority
Delaware County, Oklahoma

Opinion

We have audited the accompanying modified cash basis financial statements of the business-type activities of Delaware County E-911 Trust Authority as of June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basis 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 respective modified cash basis financial position of the business-type activities of Delaware County E-911 Trust Authority as of June 30, 2023, and the respective changes in modified cash basis net position and cash flows for the year then ended in accordance with the modified cash basis of accounting described in Note I.

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 (Government Auditing Standards). 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 the Delaware County E-911 Trust 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 opinions.

Emphasis of Matter—Basis of Accounting

We draw attention to Note I 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.

As discussed in Note I, the financial statements present only the Delaware County E-911 Trust Authority and do not purport to, and do not present fairly the financial position of Delaware 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. Our 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 I; 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.

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 Delaware County E-911 Trust 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

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 opinions. 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, 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 the Delaware County E-911 Trust 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Delaware County E-911 Trust Authority's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 9, 2024, 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.

 David Clavin CPA PLLC

February 9, 2024

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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
Delaware County E-911 Trust Authority
Delaware 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 Delaware County E-911 Trust Authority, 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 our report thereon dated February 9, 2024..

Report on 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) as a basis for designing 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 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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.



David Clam CPA PLLC

February 9, 2024

Delaware County E-911 Trust Authority
Statement of Net Position – Modified Cash Basis
June 30, 2023

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 395,063.51
Total Current Assets	395,063.51

Noncurrent Assets:

Certificates of Deposit	290,095.75
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Capital Assets:

Property, Plant and Equipment, Net	262,064.74
Total Noncurrent Assets	552,160.49

Total Assets	947,224.00
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LIABILITIES

Current Liabilities:

Payroll Taxes Payable	1,797.64
Employee Benefits Payable	1,528.69
Total Current Liabilities	3,326.33

NET POSITION

Net Investment in Capital Assets	262,064.74
Unrestricted	681,832.93
Total Net Position	\$ 943,897.67

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, 2023

Operating Revenues:	
Tariff Fees	\$ 300,915.78
Donations	50,000.00
Other Revenue	415.00
Total Revenues	351,330.78
Operating Expenses:	
Depreciation	42,449.36
Dues and Subscriptions	2,579.88
Insurance	13,153.32
Internet	3,311.76
Liability Insurance	10,930.37
Licenses & Fees	236.00
Legal and Professional	9,050.00
Office Expense	6,473.91
Payroll Taxes	8,350.79
Repairs and Maintenance	12,065.60
Retirement	14,076.12
Salaries	103,031.53
Software Maintenance	21,534.00
Supplies	4,170.22
Telephone	26,280.64
Workers Comp	1,876.63
Miscellaneous Expense	2,904.16
Total Expenditures	282,474.29
Operating Income (Loss)	68,856.49
Non Operating Revenue (Expense)	
Interest Income	4,016.75
Interest Expense	(0.98)
Total Non Operating Revenue (Expense)	4,015.77
Change in Net Position	72,872.26
Net Position, Beginning of Year	871,025.41
Net Position, End of Year	\$ 943,897.67

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, 2023**

Cash Flows from Operating Activities

Cash Inflows:

Payments Received from Customers	\$ 300,915.78
Other Income Received for Operating Activities	50,415.00
Total Cash Outflows from Operating Activities	<u>351,330.78</u>

Cash Outflows:

Payments to Suppliers for Goods and Services	99,536.53
Payments for Salaries and Benefits	142,464.88
Total Cash Outflows from Operating Activities	<u>242,001.41</u>

Net Cash Provided (Used) by Operating Activities	<u>109,329.37</u>
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Cash Flows from Capital and Related Financing Activities

Payment of Interest on Note Payable	(0.98)
Purchases of Capital Assets	(5,867.25)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(5,868.23)</u>

Cash Flows from Investing Activities

Interest Received	4,016.75
Net Cash Provided (Used) by Investing Activities	<u>4,016.75</u>

Net Cash Inflow (Outflow) from All Activities	107,477.89
Cash and Cash Equivalents at Beginning of Year	287,585.62
Cash and Cash Equivalents at End of Year	<u><u>\$ 395,063.51</u></u>

Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:

Operating Income (Loss)	\$ 68,856.49
Depreciation	42,449.36
Increase (Decrease) in:	
Accrued Payables	(1,976.49)
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 109,329.36</u></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, 2023

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.

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.

Delaware County E-911 Trust Authority
Notes to the Financial Statements
For the Year Ended June 30, 2023

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 with an original maturity of three months or less.

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.

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.
- c. Unrestricted net position – All other net assets that do not meet the definition of “restricted” or “net investment in capital assets.”

It is the Authority’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Delaware County E-911 Trust Authority
Notes to the Financial Statements
For the Year Ended June 30, 2023

I. Summary of Significant Accounting Policies (continued)

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 2023 fiscal year.

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, 2023, the Authority complied, in all material respects, with these investment restrictions.

Delaware County E-911 Trust Authority
Notes to the Financial Statements
For the Year Ended June 30, 2023

II. Stewardship, Compliance and Accountability (continued)

C. Revenue Restrictions

The Authority's revenues are restricted solely for Delaware County E-911 purposes. For the year ended June 30, 2023, 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, 2023, 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.

B. Capital Assets

Capital asset activity for the year was as follows:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2023</u>
Governmental Activities:				
Depreciable assets:				
Equipment	\$ 819,232.18	\$ 5,867.25	\$ -	\$ 825,099.43
Accumulated Depreciation:				
Equipment	<u>(520,585.33)</u>	<u>(42,449.36)</u>	<u>-</u>	<u>(563,034.69)</u>
Net Capital Assets	<u>\$ 298,646.85</u>	<u>\$ (36,582.11)</u>	<u>\$ -</u>	<u>\$ 262,064.74</u>

Delaware County E-911 Trust Authority
Notes to the Financial Statements
For the Year Ended June 30, 2023

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, 2023, 2022, and 2021 are summarized as follows:

Year Ending June 30,	
2023	\$ 14,076.12
2022	\$ 15,495.01
2021	\$ 14,966.40

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, 2023

IV. Other Information (continued)

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 of the 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.