

Independent Auditor's Report

McClain County 911 Trust Authority

Year Ended June 30, 2023

**MCCLAIN COUNTY 911 TRUST AUTHORITY
PURCELL, OKLAHOMA
June 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Trustees
McClain County 911 Trust Authority
Purcell, Oklahoma

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying modified cash basis financial statements of the business-type activities of McClain County 911 Trust Authority, Purcell, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements 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 McClain County 911 Trust Authority, Purcell, Oklahoma, as of June 30, 2023, and the respective changes in modified cash basis financial position, and cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinion

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 McClain County 911 Trust Authority, Purcell, Oklahoma 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.

Emphasis of Matter – 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 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 these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement 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:

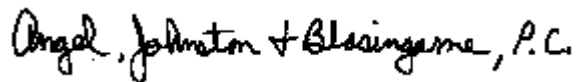
- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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 January 13, 2025, on our consideration of the 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 solely 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 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.



Chickasha, Oklahoma
January 13, 2025

MCCLAIN COUNTY 911 TRUST AUTHORITY
Statement of Net Position
Modified Cash Basis
June 30, 2023

ASSETS

Current Assets

Cash and cash equivalents	\$ 168,023
<i>Total Current Assets</i>	<u>168,023</u>

Non Current Assets

Other capital assets, net of depreciation	687,787
<i>Total Non Current Assets</i>	<u>687,787</u>
<i>Total Assets</i>	<u><u>855,810</u></u>

LIABILITIES

Current Liabilities

Current portion of capital lease payable	46,350
Payroll tax liabilities	3,913
<i>Total Current Liabilities</i>	<u>50,263</u>

Non Current Liabilities

Capital lease payable	98,095
<i>Total Non Current Liabilities</i>	<u>98,095</u>
<i>Total Liabilities</i>	<u><u>148,358</u></u>

NET POSITION

Net investment in capital assets	543,342
Unrestricted	164,110
<i>Total Net Position</i>	<u><u>\$ 707,452</u></u>

The accompanying notes are an integral part of the financial statements.

MCCLAIN COUNTY 911 TRUST AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
Modified Cash Basis
For the Year Ended June 30, 2023

Operating Revenues	
Wireline 911 service fees	\$ 179,063
Wireless 911 service fees	<u>236,865</u>
<i>Total Operating Revenues</i>	<u>415,928</u>
Operating Expenses	
911 network database	46,677
Company cell phones	4,462
Employee benefits	18,382
Health insurance	16,644
Insurance	4,722
Internet	900
Professional fees	9,055
Maintenance agreement	90,133
Membership dues	1,257
Meals	186
Office supplies/software	1,168
Office/general administrative	6,726
Rent/lease	3,717
Salaries	108,342
Payroll Taxes	8,150
Software CIS/ license	16,500
Repairs and maintenance	1,967
Taxes & licenses	277
Travel & training	799
Telephone	4,615
Vehicle fuel and maintenance	5,824
Depreciation expense	<u>304,286</u>
<i>Total Operating Expenses</i>	<u>654,789</u>
<i>Operating Income (Loss)</i>	<u>(238,861)</u>
Non-Operating Revenues (Expenses)	
Interest income	407
Misc income	<u>890</u>
<i>Total Non-Operating Revenues (Expenses)</i>	<u>1,297</u>
<i>Change in Net Position</i>	<u>(237,564)</u>
<i>Net Position - Beginning of Year</i>	<u>945,016</u>
<i>Net Position - End of Year</i>	<u><u>\$ 707,452</u></u>

The accompanying notes are an integral part of the financial statements.

MCCLAIN COUNTY 911 TRUST AUTHORITY
Statement of Cash Flows
Modified Cash Basis
For the Year Ended June 30, 2023

Cash flows from operating activities

Receipts from customers	\$ 415,928
Payments to employees	(108,342)
Payments to vendors	(242,161)
Other receipts (payments)	1,933
<i>Net cash provided by (used for) operating activities</i>	<u>67,358</u>

Cash flows from capital and related financing activities

Purchase of capital assets	(133,693)
<i>Net cash provided by (used for) capital and related financing activities</i>	<u>(133,693)</u>

Cash flows from investing activities

Interest income	407
Misc income	890
<i>Net cash provided by (used for) investing activities</i>	<u>1,297</u>

<i>Net increase (decrease) in cash and cash equivalents</i>	(65,038)
<i>Cash and cash equivalents at beginning of year</i>	233,061
<i>Cash and cash equivalents at end of year</i>	<u>\$ 168,023</u>

Reconciliation of operating income (loss) to net cash provided (used) by operating activities

Operating income (loss)	(238,861)
Adjustment to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	304,286
Change in current liabilities	1,933
<i>Net cash provided by (used for) operating activities</i>	<u>\$ 67,358</u>

The accompanying notes are an integral part of the financial statements.

MCCLAIN COUNTY 911 TRUST AUTHORITY

Notes to Basic Financial Statements For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies

1.A. Reporting Entity

McClain County 911 Trust Authority, Purcell, Oklahoma was created by a trust indenture dated September 18, 2000, pursuant to Title 60 of O.S. 1991, Section 176 to 180.3, inclusive. The purpose of this trust is to provide to the residents of McClain County the highest quality emergency services possible with the shortest response time possible.

Related Organizations

McClain County - McClain County is the beneficiary of the trust. The board of commissioners of McClain County appoint successor trustees, however, the Authority is not fiscally dependent upon the County. Therefore, the Authority is not considered to be a component unit of McClain County, but the Authority is considered to be a political subdivision of McClain County.

1.B. Basis of Presentation

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. All of the activities of the Authority are business-type activities. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

1.C. Measurement Focus and Basis of Accounting

Measurement focus refers to how transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recognized and recorded in the financial statements regardless of the measurement focus applied.

The Authority's financial statements use the economic resources measurement focus and are presented on the modified cash basis of accounting. Revenues are recognized when they are received and expenses are recorded when paid with the following modifications:

- Capital assets and the depreciation of those assets, where applicable.
- Long-term debt is recorded when incurred.
- Payroll liabilities

This basis is a basis of accounting other than accounting principles generally accepted in the United States of America. If the Authority utilized the basis of accounting recognized as generally accepted, the financial statements would use the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred.

MCCLAIN COUNTY 911 TRUST AUTHORITY

Notes to Basic Financial Statements

For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies, (continued)

1.D. Assets, Liabilities and Net Position

Cash and Cash Equivalents - The Authority considers all cash on hand, demand deposits, interest bearing checking accounts and time deposit accounts including certificates of deposit and U.S. Treasury bills with maturities of three months or less to be cash and cash equivalents.

Capital Assets – Capital assets acquired are capitalized and stated at cost. A capitalization threshold of \$500 is used to report capital assets. Depreciation of exhaustible capital assets is recorded as an expense over the estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Asset</u>	<u>Years</u>
Vehicles	5 Years
Hardware and Software	5 Years
Equipment and Furniture	7 Years

Non-Current Liabilities – Long-term debt to be repaid from Authority resources are reported as non-current liabilities in the Statement of Net Position. The long-term debt is presently comprised of a capital lease (See Note 4).

Net Position – Net Position is divided into 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 attributed to the acquisition, construction, or improvements 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 and 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.

MCCLAIN COUNTY 911 TRUST AUTHORITY
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies, (continued)

1.E. Revenues and Expenses

Operating and Non-Operating Revenues - Operating revenues are considered those whose cash flows are related to operating activities, while revenues related to financing, capital and investing activities are reported as non-operating.

Expenses - The Authority reports expenses relating to the use of economic resources.

1.F. Estimates

Certain estimates are made in the preparation of the modified cash basis financial statements, such as estimated lives for capital assets depreciation. Estimates are based on management's best judgments and may vary from actual results.

Note 2 – Deposits, Investments and Collateral

Deposits and Investments - The Authority has a written investment policy that limits its investment choices. Investments are restricted to United States treasury bills, notes, bonds and obligations fully insured or unconditionally guaranteed by the United States Government or any of its agencies and instrumentalities with a maximum maturity of ten years and a rating of BBB or better. The purchase of financial products may not exceed fifty percent (50%) of total cash available for investments and no more than ten percent (10%) of investments shall be invested in any one issuer with the exception of banks insured by the FDIC and obligations fully insured or unconditionally guaranteed by the United States Government.

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 does have a written policy for custodial risk that states collateral is required for demand deposits, certificates of deposit, and savings accounts for amounts not covered by FDIC insurance. At June 30, 2023, the Authority's collateral coverage was adequate.

MCCLAIN COUNTY 911 TRUST AUTHORITY
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

Note 3 – Capital Assets Activity

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Depreciable assets:				
Mapping and addressing	267,362	-	-	267,362
Vehicles	49,342	66,575	-	115,917
Equipment and furniture	<u>1,240,997</u>	<u>67,118</u>	<u>-</u>	<u>1,308,115</u>
Total depreciable assets	<u>1,557,701</u>	<u>133,693</u>	<u>-</u>	<u>1,691,394</u>
Less accumulated depreciation:				
Mapping and addressing	205,621	43,581	-	249,202
Vehicles	37,142	12,043	-	49,185
Equipment and furniture	<u>456,558</u>	<u>248,662</u>	<u>-</u>	<u>705,220</u>
Total accumulated depreciation	<u>699,321</u>	<u>304,286</u>	<u>-</u>	<u>1,003,607</u>
Net depreciable assets	<u>858,380</u>	<u>(170,593)</u>	<u>-</u>	<u>687,787</u>
Net capital assets	<u>\$ 858,380</u>	<u>\$ (170,593)</u>	<u>\$ -</u>	<u>\$ 687,787</u>

Note 4 – Long-term Debt

Changes in long-term obligations for the year ended June 30, 2023, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Balance Due in 1 year</u>
Business-type Activities:					
Capital lease payable	<u>\$ 144,445</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,445</u>	<u>\$ 46,350</u>
Total	<u>\$ 144,445</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,445</u>	<u>\$ 46,350</u>

The Authority entered into an Equipment Lease Purchase Agreement with Motorola Solutions, Inc in September 2017 for \$325,370 for the purchase of a total base system with 10-year system and software support, hardware refresh, and extended warranty, payable in annual installments of \$51,883 with an annual interest rate of 3.83%, first payment due July 15, 2019 and final payment due July 15, 2025.

MCCLAIN COUNTY 911 TRUST AUTHORITY
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

Note 4 – Long-term Debt, (continued)

Capital assets obtained from capital leases and related depreciation are as follows:

Business-type activities:	
Equipment	\$ 936,181
Less accumulated depreciation	<u>(510,043)</u>
	<u>\$ 426,138</u>

<u>Year Ending June 30,</u>	<u>Business-type Activities</u>	
	<u>Notes from Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 46,350	\$ 5,532
2025	48,123	3,757
2026	<u>49,972</u>	<u>1,912</u>
	<u>\$ 144,445</u>	<u>\$ 11,201</u>

If either Party fails to perform a material obligation under this Agreement, the other Party may consider the non-performing Party to be in default and may assert a default claim by giving the non-performing Party a written and detailed notice of default. Except for a default by Customer for failing to pay any amount when due under this Agreement which must be cured immediately, the defaulting Party will have thirty (30) days after receipt of the notice of default to either cure the default or, if the default is not curable within thirty (30) days, provide a written cure plan. The defaulting Party will begin implementing the cure plan immediately after receipt of notice by the other Party that it approves the plan. If Customer is the defaulting Party, Motorola may stop work on the project until it approves the Customer's cure plan. If a defaulting Party fails to cure the default as provided above, unless otherwise agreed in writing, the non-defaulting Party may terminate any unfulfilled portion of this Agreement. In the event of termination for default, the defaulting Party will promptly return to the non-defaulting Party any of its Confidential Information. If Customer is the non-defaulting Party, terminates this Agreement as permitted by this Section, and completes the System through a third Party, Customer may as its exclusive remedy recover from Motorola reasonable costs incurred to complete the System to a capability not exceeding that specified in this Agreement less the unpaid portion of the Contract Price. Customer will mitigate damages and provide Motorola with detailed invoices substantiating the charges. In the event Customer elects to terminate this Agreement for any reason other than default, Customer shall pay Motorola for the conforming Equipment and/or Software delivered and all services performed.

MCCLAIN COUNTY 911 TRUST AUTHORITY
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

Note 5 – Employee Pension Plans

Plan Description – The McClain County 911 Trust Authority, as the employer, participates in the Oklahoma Public Employees Retirement Plan - a cost-sharing, multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Title 74 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the OPERS. OPERS issues a publicly available financial report that can be obtained at www.opers.ok.gov.

Benefit Provisions – OPERS provides retirement, disability, and death benefits to members of the plan. Members qualify for full retirement benefits at their specified normal retirement age or, for any person who became a member prior to July 1, 1992, when the sum of the member's age and years of credited service equals or exceeds 80 (Rule of 80), and for any person who became a member after June 30, 1992, when the member's age and years of credited service equals 90 (Rule of 90).

Normal retirement date is further qualified to require that all members employed on or after January 1, 1983 must have six or more years of full-time equivalent employment with a participating employer before being eligible to receive benefits. Credited service is the sum of participating and prior service. Prior service includes nonparticipating service before January 1, 1975, or the entry date of the employer and active wartime military service.

A member with a minimum of ten years of participating service may elect to early retirement with reduced benefits beginning at age 55 if the participant became a member prior to November 1, 2011, or age 60 if the participant became a member on or after November 1, 2011.

Benefits are calculated for each member category as follows:

Employees

Benefits are determined at 2% of the average annual salary received during the highest thirty-six months of the last ten years of participating service, but not to exceed the applicable annual salary cap, multiplied by the number of years of credited service. Members who join OPERS on or after July 1, 2013, will have their salary averaged over the highest 60 months of the last ten years. Normal retirement age under the Plan is 62 or Rule of 80/90 if the participant became a member prior to November 1, 2011, or age 65 or Rule of 90 if the participant became a member on or after November 1, 2011.

Members who elect to pay the additional contribution rate, which became available in January 2004, will receive benefits using a 2.5% computation factor for each full year the additional contributions are made. In 2004, legislation was enacted to provide an increased benefit to retiring members who were not yet eligible for Medicare. The Medicare Gap benefit option became available to members under age 65 who retired on

MCCLAIN COUNTY 911 TRUST AUTHORITY

Notes to Basic Financial Statements

For the Year Ended June 30, 2023

Note 5 – Employee Pension Plans, (continued)

or after May 1, 2006. Members may elect to receive a temporary increased benefit to cover the cost of health insurance premiums until the member is eligible to receive Medicare. After the member becomes eligible for Medicare, the retirement benefit will be permanently reduced by an actuarially determined amount. The option is irrevocable, must be chosen prior to retirement, and is structured to have a neutral actuarial cost to the Plan.

Members become eligible to vest fully upon termination of employment after attaining eight years of credited service, or the members' contributions may be withdrawn upon termination of employment.

Disability retirement benefits are available for members having eight years of credited service whose disability status has been certified as being within one year of the last day on the job by the Social Security Administration. Disability retirement benefits are determined in the same manner as retirement benefits, but payable immediately without an actuarial reduction.

Upon the death of an active member, the accumulated contributions of the member are paid to the member's named beneficiary(ies) in a single lump sum payment. If a retired member elected a joint annuitant survivor option or an active member was eligible to retire with either reduced or unreduced benefits or eligible to vest the retirement benefit at the time of death, benefits can be paid in monthly payments over the life of the spouse if the spouse so elects.

Upon the death of a retired member, the Plan will pay \$5,000 death benefit to the member's beneficiary or estate of the member if there is no living beneficiary. The death benefit will be paid in addition to any excess employee contributions or survivor benefits due to the beneficiary.

Funding Policy - The contribution rates for each member category of the Plan are established by the Oklahoma Legislature after recommendation by the Board based on an actuarial calculation, which is performed to determine the adequacy of such contribution rates. Employees are required to contribute 3.5% of their annual pay. Participating entities are required to contribute 16.5% of the employees' annual pay.

The Authority's contributions to the Plan for the years ending:

June 30, 2023	\$18,382
June 30, 2022	\$7,939

MCCLAIN COUNTY 911 TRUST AUTHORITY

Notes to Basic Financial Statements

For the Year Ended June 30, 2023

Note 6 – Risk Management

The Authority is exposed to various risks of loss related to torts, errors and omissions. The Authority carries surety bonds and property insurance to mitigate the risk of loss associated with torts, errors and omissions. They have a policy with the Association of County Commissioners of Oklahoma Self-Insurance Group (ACCO-SIG) consisting of the following coverage:

Blanket Bond Coverage -	\$100,000
Casualty (General Liability) -	\$1,000,000

Coverage is subject to a \$10,000 deductible. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past 3 years.

Note 7 – Commitments and Contingencies.

The Authority is not involved with any legal proceedings, which normally occur in the course of governmental operations at this time. While legal proceedings cannot be foreseen, the Authority feels that any settlement or judgment not covered by insurance would not have a material effect on the financial condition of the Authority.

Note 8 – Subsequent Events

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

***REPORT ON INTERNAL CONTROL
AND COMPLIANCE***

**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***

The Honorable Board of Trustees
McClain County 911 Trust Authority
Purcell, 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 modified cash basis financial statements of the business-type activities of the McClain County 911 Trust Authority, Purcell, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated, January 13, 2025. Our report on the financial statements disclosed, that, as described in Note 1 to the financial statements, the Authority prepares its financial statements on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered McClain County 911 Trust Authority, Purcell, Oklahoma'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2023-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2023-002 and 2023-003 to be significant deficiencies.

Report on Compliance and Other Matters

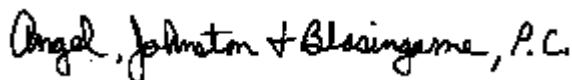
As part of obtaining reasonable assurance about whether McClain County 911 Trust Authority, Purcell, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2023-001, 2023-002 and 2023-003.

McClain County 911 Trust Authority, Purcell, Oklahoma's, Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the McClain County 911 Trust Authority, Purcell, Oklahoma's response to the findings identified in our audit and described in the accompanying corrective action plan. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Chickasha, Oklahoma
January 13, 2025

MCCLAIN COUNTY 911 TRUST AUTHORITY
Schedule of Findings and Responses
For the Year Ended June 30, 2023

2023-001 *Condition* – Presently the same individual performs all accounting functions; receives checks, makes bank deposits, write checks and reconciles the monthly bank statements.

Criteria – GAO Standards – Principal 10 – Design Control Activities – 10.12 and 10.14 state “Management considers segregation of duties in designing control activity responsibilities so that incompatible duties are segregated and, where such segregation is not practical, designs alternative control activities to address the risk. If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process.”

Cause – The Authority’s limited size and staffing resources have made it difficult for management to provide sufficient staffing to fully segregate incompatible duties in a cost-effective manner.

Effect or Potential Effect – Without sufficient segregation of duties, the risk significantly increases that errors and fraud related to the accounting functions, including misappropriation of assets, could occur and not be detected within a timely basis.

Recommendation – We recommend that one person receive the checks, prepare the deposit slip and reconcile the bank account. A different person should take the deposit to the bank. A board member should review all bank statements and document approval of each reconciliation.

Management Response – See Corrective Action Plan.

2023-002 *Condition* – During our testing of expenditures we noted inconsistent and incorrect coding.

Criteria – Transactions should be coded correctly to insure accurate financial statements.

Cause – The Authority contracts out the preparation of financials and has had turnover in this position.

Effect or Potential Effect – Financial statements are not accurate.

Recommendation – We recommend the Authority review financials for consistency.

Management Response – See Corrective Action Plan.

MCCLAIN COUNTY 911 TRUST AUTHORITY
Schedule of Findings and Responses
For the Year Ended June 30, 2023

2023-003 *Condition* – During our testing of the payroll program, we noted employee pay rates are not approved by the board and reported in the minutes.

Criteria – Proper procedures are the Board is the approving authority for the Authority for all matters regarding employees. Pay rates should be approved by the Board and reported in the minutes.

Cause – The Authority began processing payroll in January 2022. This is an oversight.

Effect or Potential Effect – Employees could be paid more/less than the Board intended, employees could be over or under paid.

Recommendation – We recommend the Board should approve all pay rates and note in the minutes.

Management Response – See Corrective Action Plan

MCCLAIN COUNTY 911 TRUST AUTHORITY
Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2023

2022-001 *Condition* – The same individual performs all accounting functions; receives checks, makes bank deposits, writes and signs checks and reconciles the monthly bank statements.

Current Status – Condition still exists.

2022-002 *Condition* – Accounting records are not being reconciled on a regular basis.

Current Status – Condition has been resolved.

2022-003 *Condition* – During our testing of expenditures we noted the following deviations from proper purchasing procedures: a.) The Authority did not have invoices for all expenditures. b.) The Authority did not have record of approval by the Board of Trustees. c.) Invoices were not signed to indicate receipt of the goods or services by the Authority prior to payment. d.) Coding is inconsistent and incorrect.

Current Status – Condition has partly been resolved. Item d. still exists.

2022-004 *Condition* – During our testing of the payroll program, we noted employee pay rates are not approved by the board and reported in the minutes

Current Status – Condition still exists.

AUTHORITY'S CORRECTIVE ACTION PLAN

**AUDIT FINDINGS
CORRECTIVE ACTION PLAN**

AUDIT YEAR 2023

AUDIT FINDING REFERENCE NUMBER: 2022-001

MANAGEMENT RESPONSE: The 911 Trust Authority
is currently looking for an agency for
bookkeeping services.

AUDIT YEAR 2023

AUDIT FINDING REFERENCE NUMBER: 2022-002

MANAGEMENT RESPONSE: The 911 Trust Authority is
currently looking for an agency for
bookkeeping services.

AUDIT YEAR 2023

AUDIT FINDING REFERENCE NUMBER: 2022-003

MANAGEMENT RESPONSE: The 911 Trust Authority
is looking for an agency for bookkeeping
services

**AUDIT FINDINGS
CORRECTIVE ACTION PLAN**

AUDIT YEAR 2023

AUDIT FINDING REFERENCE NUMBER: 2022-004

MANAGEMENT RESPONSE: Payroll will be added to
the monthly expenses for approval.

AUDIT YEAR 2023

AUDIT FINDING REFERENCE NUMBER: 2023-001

MANAGEMENT RESPONSE: Currently, Ms. Atherton receives
checks and create deposit slips while Mr. Clifton
deposits checks. Going forward, the Board will
review banking statements on a quarterly basis.

AUDIT YEAR 2023

AUDIT FINDING REFERENCE NUMBER: 2023-002

MANAGEMENT RESPONSE: The Board will review
financial statements.

AUDIT YEAR 2023

AUDIT FINDING REFERENCE NUMBER: 2023-003

MANAGEMENT RESPONSE: Payroll will be added
to monthly expenses for approval.



Board Chairman

1/26/25

Date