

**MCINTOSH COUNTY 911 GOVERNING AUTHORITY
FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

**Audited By:
KERRY JOHN PATTEN, C.P.A.**

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**MCINTOSH COUNTY 911 GOVERNING AUTHORITY
EUFAULA, OKLAHOMA
TRUSTEES
JUNE 30, 2019**

Chairman	Tim Pendley
Vice-Chairman	Harry Trottier
Member	Marty Farrow
Member	Phillip Nicholson
Member	Marcus Cunningham

Secretary, Non-Member

Ronda Prince, County Clerk

**MCINTOSH COUNTY 911 GOVERNING AUTHORITY
EUFAULA, OKLAHOMA
JUNE 30, 2019**

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
McIntosh County 911 Governing Authority
Eufaula, OK

I have audited the accompanying cash basis financial statements of McIntosh County 911 Governing Authority (an Oklahoma Trust), a component unit of McIntosh County, State of Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

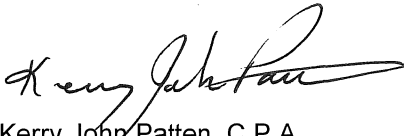
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-cash basis of the McIntosh County 911 Governing Authority as of June 30, 2019, and the respective changes in financial position-cash basis and cash flows-cash basis, for the year then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

I draw attention to Note 1 of the financial statements that describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 23, 2020, on my consideration of the Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering the Authority's internal control over financial reporting and compliance.



Kerry John Patten, C.P.A.
Broken Arrow, OK
January 23, 2020

BASIC FINANCIAL STATEMENTS

MCINTOSH COUNTY 911 GOVERNING AUTHORITY
STATEMENT OF NET POSITION
CASH BASIS
JUNE 30, 2019

	<u>General Fund</u>
<u>ASSETS</u>	
Cash	\$ 588,229.00
Investments	<u> -</u>
Total Assets	<u><u>\$ 588,229.00</u></u>
<u>NET POSITION</u>	
Restricted	\$ -
Unrestricted	<u>588,229.00</u>
Total Net Position	<u><u>\$ 588,229.00</u></u>

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

**MCINTOSH COUNTY 911 GOVERNING AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
CASH BASIS
FOR YEAR ENDING JUNE 30, 2019**

	General Fund
Operating Revenues:	
Fees	\$ 278,842.76
Miscellaneous	645.60
	\$ 279,488.36
Operating Expenses:	
Public Safety	\$ 207,020.04
Capital Outlay	-
	\$ 207,020.04
Income (Loss) from operations	\$ 72,468.32
Non-Operating Revenue/(Expense)	
Interest Revenue	\$ 718.33
Miscellaneous Revenue	-
Note Expense	-
Note Proceeds	-
Interest Expense	-
	-
Total Non-Operating Expenses	
Total other financing sources (uses)	\$ 718.33
Change in net position	\$ 73,186.65
Net position, beginning of year	\$ 515,042.35
Net position, end of year	\$ 588,229.00

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

**MCINTOSH COUNTY 911 GOVERNING AUTHORITY
STATEMENT OF CASH FLOWS
CASH BASIS
FOR YEAR ENDING JUNE 30, 2019**

Cash Flows from Operating Activities

Cash received from fees	\$ 279,488.36
Cash payments for operating expenses	(207,020.04)
Cash received from miscellaneous sources	<u>-</u>
Net cash provided by (used for) operating activities	<u>72,468.32</u>

Cash Flows from Financing Activities

Principal paid on debt	-
Note proceeds	-
Interest paid	<u>-</u>
Net cash provided by (used for) investing activities	<u>-</u>

Cash Flows from Investing Activities

Interest Received	<u>718.33</u>
Net cash provided by (used for) investing activities	<u>718.33</u>

Net Increase (Decrease) in Cash and Cash Equivalents 73,186.65

Cash, July 1, 2018 515,042.35

Cash, June 30, 2019 \$ 588,229.00

Reconciliation of Operating Income (Loss) to

Net Cash Used by Operating Activities	
Operating income (loss)	\$ 72,468.32

Adjustments to reconcile operating income (loss) to net cash used by operating activities: -

Net cash provided by operating activities \$ 72,468.32

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

**MCINTOSH COUNTY 911 GOVERNING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2019**

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The McIntosh County 911 Trust Authority (The Authority) is governed by the Constitution and laws of the United States and the State of Oklahoma including the "Trust for Benefit of State, County, or Municipality" Title 60 O.S. 176 et seq., the "Nine One One Number Act", Title 63 O.S. 2811 et. seq., the "Nine One One Wireless Act", Title 63 O.S. 2841 et. seq., the "Nine One One Voice Over Internet VOIP Emergency Act", Title 63 O.S. 2851 et. seq., and the "McIntosh County 911 Trust Indenture" creating the Trust Authority Dated April 16, 2009.

The Authority was created for the purpose of providing an Enhanced Emergency Telephone Service System within the geographical areas of McIntosh County, Oklahoma. Among other purposes, The Authority may provide for the collection of, monitoring and safeguarding of public funds to finance the costs of installation and maintenance of the lines and equipment of 911 emergency phone services for McIntosh County.

The Authority is governed by five trustees, which are appointed by the McIntosh County Board of County Commissioners. The Trustees must be citizens and residents of McIntosh County and have staggered terms of office.

The Trustees are authorized to conduct all powers and duties set forth in the Trust. The Trust specifically limits trustees by providing "that no transaction which exceeds the amount of \$10,000.00 shall be completed without the approval of the Board of County Commissioners for McIntosh County."

B. Basis of Presentation

The only fund of the financial reporting entity is described below:

Enterprise Fund

Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Enterprise Fund

Brief Description

McIntosh Co. 911 Trust Authority

The Fund is the general operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statement has been prepared on the cash basis of accounting, under this basis of accounting, revenues are recognized when received rather than earned, and expenses are recorded at the time the obligations are paid rather than when incurred.

**MCINTOSH COUNTY 911 GOVERNING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2019**

Summary of Significant Accounting Policies (continued)

D. Fixed Assets

The Authority does not currently maintain detailed records of its land, buildings, and equipment. Therefore, the fixed assets are not recorded in the Statement of Net Position-Modified Cash Basis.

E. Assets, Liabilities and Net Position

Cash – Deposits are carried at cost. The carrying amount of deposits is separately displayed on the balance sheet as cash.

Net Position

1. Restricted Net Position – Consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments or law through constitutional provisions or enabling legislation.
2. Unrestricted Net Position – All other net assets that do not meet the definition of “restricted”.

F. Revenues and Expenditures

Operating Revenues – revenues whose cash flows are related to operating activities.

Non-Operating Revenues – revenues which are related to financing, capital, or investing activities.

Expenditures – Expenses related to the use of economic resources.

2. Deposit Categories of Credit Risk

The Authority’s cash deposits at June 30, 2019, are categorized to give an indication of the level of risk assumed by the Authority at year end as follows:

- A. Insured or collateralized with securities held by the Authority or by its agent in the Authority’s name.
- B. Collateralized with securities held by the pledging financial institution’s trust department or agent in the Authority’s name.
- C. Uncollateralized

<u>Category</u>	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
(A)	\$ 588,229.00	\$ 0.00	\$ 588,229.00
(B)	0.00	0.00	0.00
(C)	0.00	0.00	0.00
Bank Balance	\$ <u>588,229.00</u>	\$ <u>0.00</u>	\$ <u>588,229.00</u>

**MCINTOSH COUNTY 911 GOVERNING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2019**

Deposit Categories of Credit Risk (continued)

The Authority's investment policies are governed by state statute. The Authority has not established a separate formal investment policy. Permissible investments include direct obligations of the United States Government and Agencies, certificates of deposit of savings and loan associations, banks and credit unions. Collateral is required for demand deposits, certificates of deposits, and savings accounts for all amounts not covered by federal deposit insurance.

Custodian 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 a financial institution. As of June 30, 2019, 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.

3. Employee Retirement System

The Authority participates in the Oklahoma Public Employees Retirement Plan, a cost-sharing, multi-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Benefit provisions are established and amended by the Oklahoma Legislature. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. Title 74, Sections 901 through 943, as amended, establishes the provisions of the Plan. The Authority has no responsibility or authority for the operation or administration of the system.

OPERS issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained online at www.opers.ok.gov or by calling 405-858-6737.

The contribution rate for the Authority is established by statute. The Authority is required to contribute 11.5% - 16.5% and the employee is required to contribute 3.5% - 8.5%. The total employer and employee contribution must equal 20% for the year ended June 30, 2019. The Authority is responsible for determining how much the employer and employee pays with the given range. Currently the Authority pays 15% and the employee pays 5%.

The Authority's contribution to the Plan for the year ended June 30, 2019, was \$10,510.36. Total payroll for fiscal year 2019 was \$80,871.87.

4. Risk Management

The Authority is exposed to various risks of loss related to general liability and torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. McIntosh County maintains, and the Authority continues, commercial insurance coverage on these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority.

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
McIntosh County 911 Governing Authority
Eufaula, Oklahoma

I have audited the cash basis financial statements of McIntosh County 911 Governing Authority, a component unit of McIntosh County, State of Oklahoma, as of and for the year ended June 30, 2019, and have issued my report thereon dated, January 23, 2020. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of McIntosh Governing Authority, State of Oklahoma is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered McIntosh County 911 Governing Authority's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of McIntosh County 911 Governing Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of McIntosh County 911 Governing Authority's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weakness, as defined above.


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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether McIntosh County 911 Governing Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is to solely describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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.



Kerry John Patten, C.P.A.
Broken Arrow, OK
January 23, 2020

**MCINTOSH COUNTY 911 GOVERNING AUTHORITY
SCHEDULE OF COMMENTS
JULY 1, 2018 TO JUNE 30, 2019**

- I. **Condition:** During my review of purchase orders, I did not find where the governing Board was approving purchase orders at their monthly Board meetings.

Recommendation: The Board should be approving all purchase orders at the monthly Board meetings, as well as purchase order numbers approved in the Board minutes.