

**Northeast Oklahoma Enhanced
911 Trust Authority**

ANNUAL FINANCIAL STATEMENTS
AND ACCOMPANYING
INDEPENDENT AUDITOR'S REPORTS

FOR FISCAL YEAR ENDED
JUNE 30, 2023

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Northeast Oklahoma Enhanced 911 Trust Authority
Table of Contents

Independent Auditor's Report	1
Reports Required by Government Auditing Standards:	
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	3
Basic Financial Statements:	
Statement of Net Position-Modified Cash Basis	5
Statement of Revenues, Expenses, and Changes in Net Position -Modified Cash Basis	6
Statement of Cash Flows-Modified Cash Basis	7
Notes to the Financial Statements	8

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Northeast Oklahoma Enhanced 911 Trust Authority

Opinion

We have audited the accompanying financial statements of Northeast Oklahoma Enhanced 911 Trust Authority ("the Authority") as of and for the year ended June 30, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2023, and the changes in its financial position and cash flows for the year then ended in accordance with the modified cash basis of accounting.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 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.

Auditor's Responsibilities for the Audit of the Financial Statements, continued

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 judgment, 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.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2023, 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 to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

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

December 13, 2023

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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
Northeast Oklahoma Enhanced 911 Trust Authority

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 Northeast Oklahoma Enhanced 911 Trust Authority ("the 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 December 13, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.

 CPA PLLC

December 13, 2023

Northeast Oklahoma Enhanced 911 Trust Authority
Statement of Net Position (Modified Cash Basis)
June 30, 2023

ASSETS

Current Assets

Cash in Bank	\$ 357,265
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Capital Assets

Property, Plant & Equipment, net of accumulated depreciation	<u>519,438</u>
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Total Assets	<u><u>876,703</u></u>
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LIABILITIES

Current Liabilities

Accrued Payroll and Payroll Liabilities	<u>11,264</u>
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Total Liabilities	<u>11,264</u>
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NET POSITION

Restricted	<u><u>\$ 865,439</u></u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

Northeast Oklahoma Enhanced 911 Trust Authority
Statement of Revenues, Expenses and Changes in Net Position (Modified Cash Basis)
For the Year Ended June 30, 2023

Operating Revenues	
911 Service Fee Income	\$ 1,088,915
911 Wireless Fees	781,002
911 Wireline Fees	26,027
Total Operating Revenue	<u>1,895,944</u>
Operating Expenses	
Computer & Internet Expenses	19,164
Depreciation	64,477
INCOG	197,275
Insurance	2,740
Office Supplies	10,952
OLETS	18,540
Payroll Expenses	1,452,646
Professional Fees	15,782
Repairs & Maintenance	8,334
Service Maintenance Agreement	27,475
Telephone Expense	58,019
Training	43,596
Miscellaneous	746
Utilities	24,877
Total Operating Expenses	<u>1,944,623</u>
Net Income (Loss) from Operations	(48,679)
Other Financing Sources (Uses)	
Grants and Donations	412,636
	<u>412,636</u>
Net Change in Net Position	363,957
Net Position, Beginning of Year	501,482
Net Position, End of Year	<u>\$ 865,439</u>

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

Northeast Oklahoma Enhanced 911 Trust Authority
Statement of Cash Flows (Modified Cash Basis)
For the Year Ended June 30, 2023

Cash Flows from Operating Activities

Cash Inflows:

911 Service Fee Income	\$ 1,088,915
911 Wireless Fees	781,002
911 Wireline Fees	26,027
Total Cash Inflow from Operating Activities	<u>1,895,944</u>

Cash Outflows:

Payments for Good and Services	427,500
Payments for Salaries and Benefits	1,453,136
Total Cash Outflow from Operating Activities	<u>1,880,636</u>

Net Cash Provided (Used) by Operating Activities	15,308
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Cash Flows from Capital and Related Financing Activities

Capital Grants and Donations	412,636
Purchases of Capital Assets	<u>(275,054)</u>
Cash Flows from Capital and Related Financing Activities	137,582

Net Cash Inflow (Outflow) from All Activities	152,890
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Cash and Cash Equivalents at Beginning of Year	204,375
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Cash and Cash Equivalents at End of Year	<u><u>\$ 357,265</u></u>
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Reconciliation of Operating Income to Net Cash

Net Income (Loss) from Operations	\$ (48,679)
Depreciation	64,477

Changes in Operating Assets and Liabilities

Decrease in Payroll Liabilities	<u>(490)</u>
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Net Cash provided (Used) by Operating Activities	<u><u>\$ 15,308</u></u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

Northeast Oklahoma Enhanced 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 Northeast Oklahoma Enhanced 911 Trust Authority's ("the Authority") financial statements.

The Authority is a public trust under the provisions of the Oklahoma Public Trust Act and established in Rogers County, Oklahoma. The primary purpose of the trust is to operate, furnish and supply an enhanced 911 emergency system for the furtherance of the general convenience, welfare, public health and safety of the inhabitants of Rogers County and to administer funds for the cost of financing, acquiring, constructing, installation, equipping, repairing, remodeling, improving, extending, enlarging, maintaining, operating, administering and disposing of or otherwise dealing with any physical properties and facilities of the trust.

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 report.

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 – Fund Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting. The accounting and financial reporting treatment is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation are included on the statement of net position. The operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net position. Depreciation expense is provided for capital assets based upon estimated useful lives.

Financial activity is accounted for on the flow of economic resources measurement focus using the modified cash basis of accounting. Under this method, revenues are recorded when they are received, and expenses are recorded at the time liabilities are paid.

Northeast Oklahoma Enhanced 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, Net Position and Revenues

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all cash on hand, demand deposits, and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

2. Net Position

Equity is classified as net position and displayed as:

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.

3. 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 the Authority's resources follows.

A. Budgetary Information

Stewardship, compliance, and accountability are key concepts in defining the responsibilities of the Northeast Oklahoma Enhanced E-911 Governing Authority. The use of budgets and monitoring of equity status facilitate the Authority's compliance with legal requirements.

B. Revenue Restrictions

The Authority's revenues are restricted solely for Northeast Oklahoma Enhanced E-911 purposes. For the year ended June 30, 2023, the Authority complied, in all material respects, with this revenue restriction.

Northeast Oklahoma Enhanced 911 Trust Authority
Notes to the Financial Statements
For the Year Ended June 30, 2023

III. Detailed Notes Concerning Funds

A. Deposits

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.

B. Changes in Capital Assets

Capital asset activity for the year was as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2023</u>
Governmental Activities:				
Depreciable assets:				
Furniture & Equipment	<u>\$ 361,643</u>	<u>\$ 275,054</u>	<u>\$ -</u>	<u>\$ 636,697</u>
Accumulated Depreciation:				
Furniture & Equipment	<u>(52,782)</u>	<u>(64,477)</u>	<u>-</u>	<u>(117,259)</u>
Net Capital Assets	<u><u>\$ 308,861</u></u>	<u><u>\$ 210,577</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 519,438</u></u>

Northeast Oklahoma Enhanced 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 and natural disasters. The Authority carries commercial insurance for risks of loss. There were no significant reductions in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage.

B. Defined Benefit Pension Plan

The 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 16.5% 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.

C. Contingent Liabilities

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

D. Subsequent Events

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