

**Nowata County 911 Trust
Authority
Nowata County, Oklahoma**

**Annual Financial Statements
June 30, 2023**

DAVID CLANIN CPA PLLC

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**Nowata County 911 Trust Authority
Nowata County, Oklahoma
Officials**

Board of Trustees

Jerome Gnatek	Chairman
Rocky Seals	Vice-Chairman
Burke LaRue	Trustee
Jason McClain	Trustee
Mike McElhaney	Trustee

Nowata County 911 Trust Authority
Nowata County, Oklahoma
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Nowata County 911 Trust Authority
Nowata County, Oklahoma

Opinion

We have audited the accompanying financial statements of Nowata County 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.

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.

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 as described in Note I, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements under 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 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 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2024, 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.

CPA PLLC

August 19, 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
Nowata County 911 Trust Authority
Nowata 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 the Nowata County 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 August 19, 2024.

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 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "David Clam". To the right of the signature, the text "CPA PLLC" is written in a similar handwritten style.

August 19, 2024

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

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 410,155.48
<i>Total Current Assets</i>	<u>410,155.48</u>

Non-Current Assets

Capital Assets, Net	<u>13,568.44</u>
<i>Total Non-Current Assets</i>	<u>13,568.44</u>

Total Assets	<u><u>423,723.92</u></u>
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LIABILITIES

Liabilities	<u>-</u>
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NET POSITION

Net Investment in Capital Assets	13,568.44
Restricted	-
Unrestricted	<u>410,155.48</u>
<i>Total Net Position</i>	<u><u>\$ 423,723.92</u></u>

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

Nowata County 911 Trust Authority
Statement of Revenues, Expenditures, and Changes in Net Position– Modified Cash Basis
For the Year Ended June 30, 2023

Operating Revenues

Wireless and Wireline Fees	\$ 106,718.53
Miscellaneous Revenues	120.00
<i>Total Operating Revenues</i>	<u>106,838.53</u>

Operating Expenses

AT&T	35,953.51
Dispatcher	106,315.59
Miscellaneous Expense	2.29
Office Supplies	272.23
Training	14,350.00
Signs	160.00
Depreciation	1,022.51
<i>Total Operating Expenses</i>	<u>158,076.13</u>

Operating Income (Loss) (51,237.60)

Non Operating Revenue (Expense)

Interest Income	1,815.26
<i>Total Non Operating Revenue (Expense)</i>	<u>1,815.26</u>

Change in Net Position (49,422.34)

Net Position-Beginning of Year	473,146.26
Net Position-End of Year	<u>\$ 423,723.92</u>

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

Nowata County 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	\$ 106,838.53
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Cash Outflows:

Payments to Suppliers for Goods and Services	157,053.62
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<i>Net Cash Provided (Used) by Operating Activities</i>	<u>(50,215.09)</u>
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Cash Flows from Capital and Related Financing Activities

Purchases of Property and Equipment	(4,137.62)
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<i>Net Cash Provided (Used) by Capital and Related Financing Activities</i>	<u>(4,137.62)</u>
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Cash Flows from Investing Activities

Interest Received	1,815.26
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Net Cash Provided (Used) by Investing Activities	<u>1,815.26</u>
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Net Cash Inflow (Outflow) from All Activities	(52,537.45)
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Cash and Cash Equivalents at Beginning of Year	462,692.93
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Cash and Cash Equivalents at End of Year	<u><u>\$ 410,155.48</u></u>
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Reconciliation of Operating Income (Loss) to Net Cash

Provided by Operating Activities:

Operating Income (Loss)	\$ (51,237.60)
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Depreciation	1,022.51
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Increase (Decrease) in:

Accrued Payables	-
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Net Cash Provided (Used) by Operating Activities	<u><u>\$ (50,215.09)</u></u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

Nowata County 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.

Nowata County 911 Trust Authority is a public trust under the provisions of the Oklahoma Public Trust Act and established in Nowata County, Oklahoma. The primary purpose of the trust is to provide for collection, monitoring, and safeguarding of public funds collected to pay for the contracting of services for 911 services, installation and maintenance of 911 equipment, installation and maintenance of lines and equipment for 911 service for Nowata County and to promote, monitor, evaluate, and facilitate installation of all related equipment so that it will function in an efficient and reliable manner thereby providing 911 services to Nowata County and the Nowata County Sheriff's Department.

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. Basis of Accounting and Basis of Presentation

The accompanying financial statements have been prepared on the modified cash basis. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles. These modifications include adjustments for the following balances arising from cash transactions: capital assets and the depreciation of those assets, where applicable.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as account receivable and revenue for provided services not yet collected, and accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**Nowata County 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.

Capital Assets

All capital assets are valued at historical cost except for donated fixed assets which are recorded at their estimated fair value at the date of donation. The Authority’s policy calls for capitalization of capital assets that are worth at least \$2,000.

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.”

D. Revenues, Expenditures and Expenses

Wireless and Wireline Fees

Revenues from telephone fees include amounts due to the Authority from taxes collected by local and wireless telephone companies.

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, such as estimated lives for capital assets and related depreciation, and liabilities and disclosure of contingent assets and liabilities, when applicable, at the date of the financial statements. Actual results could differ from those estimates.

**Nowata County 911 Trust Authority
Notes to the Financial Statements
For the Year Ended June 30, 2023**

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 Nowata County 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

State statutes govern the Authority's investment policy. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

C. Revenue Restrictions

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

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

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, \$160,155 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. Changes in Capital Assets

Capital asset activity for the year was as follows:

	Balance June 30, 2022	Additions	Disposals	Balance June 30, 2023
Governmental Activities:				
Depreciable assets:				
Equipment	\$ 11,200.00	\$ 4,137.62	\$ -	\$ 15,337.62
Total Depreciable Assets	<u>11,200.00</u>	<u>4,137.62</u>	<u>-</u>	<u>15,337.62</u>
Accumulated Depreciation:				
Equipment	(746.67)	(1,022.51)	-	(1,769.18)
Total Accumulated Depreciation	<u>(746.67)</u>	<u>(1,022.51)</u>	<u>-</u>	<u>(1,769.18)</u>
Net Capital Assets	<u>\$ 10,453.33</u>	<u>\$ 3,115.11</u>	<u>\$ -</u>	<u>\$ 13,568.44</u>

Nowata County 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. Commitments and Contingencies

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

C. 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.