

**Ottawa County E-911 Governing  
Authority  
Ottawa County, Oklahoma**

**Basic Financial Statements  
June 30, 2023**

**DAVID CLANIN CPA PLLC**

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**Ottawa County E-911 Governing Authority  
Ottawa County, Oklahoma  
Officials**

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Will Langley	Treasurer/Clerk
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**Clerk / Bookkeeper**

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**Ottawa County E-911 Governing Authority**  
**Ottawa County, Oklahoma**  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Ottawa County E-911 Governing Authority  
Ottawa County, Oklahoma

### Opinion

We have audited the accompanying financial statements of Ottawa County E-911 Governing 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 October 12, 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.



October 12, 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  
Ottawa County E-911 Governing Authority  
Ottawa 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 Ottawa County E-911 Governing 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 October 12, 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 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item (2023-01).

## **Ottawa County E-911 Governing Authority's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. 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.

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

October 12, 2023

**Ottawa County E-911 Governing Authority**  
**Statement of Net Position – Modified Cash Basis**  
**June 30, 2023**

**ASSETS**

Current Assets:

Cash and Cash Equivalents	\$	324,540.55
Cash and Cash Equivalents - Restricted		330,731.83
<i>Total Current Assets</i>		655,272.38

Non-Current Assets

Capital Assets, Net		409,375.42
Construction in Progress		789,969.77
<i>Total Non-Current Assets</i>		1,199,345.19

Total Assets		1,854,617.57
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**LIABILITIES**

Current Liabilities:

Payroll Taxes Payable		130.74
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**NET POSITION**

Net Investment in Capital Assets		1,199,345.19
Restricted		330,731.83
Unrestricted		324,540.55
<i>Total Net Position</i>	\$	1,854,617.57

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



**Ottawa County E-911 Governing Authority**  
**Statement of Revenues, Expenditures, and Changes in Net Position– Modified Cash Basis**  
**For the Year Ended June 30, 2023**

**Operating Revenues**

Tariff Fees	\$ 328,008.05
Miscellaneous Revenues	6,019.72
<i>Total Operating Revenues</i>	<u>334,027.77</u>

**Operating Expenses**

Professional Fees	3,000.00
Automobile	2,551.00
AT&T	54,498.58
Depreciation	24,395.00
Dispatcher	74,110.00
Education and Travel	1,357.00
Insurance	6,800.00
Maintenance	603.52
Miscellaneous Expense	37.41
Office Supplies	1,148.33
Payroll and Payroll Related Expenses	72,660.83
Service Contracts	85,756.96
Signs	6,180.23
Telephone	5,006.44
<i>Total Operating Expenses</i>	<u>338,105.30</u>

*Operating Income (Loss)* (4,077.53)

**Non Operating Revenue (Expense)**

Grant Revenues	22,540.00
<i>Total Non Operating Revenue (Expense)</i>	<u>22,540.00</u>

*Change in Net Position* 18,462.47

Net Position-Beginning of Year	1,836,155.10
Net Position-End of Year	<u>\$ 1,854,617.57</u>

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

**Ottawa County E-911 Governing Authority  
Statement of Cash Flows – Modified Cash Basis  
For the Year Ended June 30, 2023**

**Cash Flows from Operating Activities**

Cash Inflows:

Payments Received	\$ 334,027.77
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Cash Outflows:

Payments to Suppliers for Goods and Services	241,049.47
Payments for Salaries and Benefits	72,606.64
<b>Total Cash Outflow from Operating Activities</b>	<b><u>313,656.11</u></b>

<i>Net Cash Provided (Used) by Operating Activities</i>	<i><u>20,371.66</u></i>
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**Cash Flows from Capital and Related Financing Activities**

Grant and Donation Income	22,540.00
Purchases of Property and Equipment	<u>(1,010,039.61)</u>
<i>Net Cash Provided (Used) by Capital and Related Financing Activities</i>	<i><u>(987,499.61)</u></i>

<b>Net Cash Inflow (Outflow) from All Activities</b>	<b>(967,127.95)</b>
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Cash and Cash Equivalents at Beginning of Year	<u>1,622,400.33</u>
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<b>Cash and Cash Equivalents at End of Year</b>	<b><u><u>\$ 655,272.38</u></u></b>
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**Reconciliation of Operating Income (Loss) to Net Cash**

**Provided by Operating Activities:**

Operating Income (Loss)	\$ (4,077.53)
Depreciation	24,395.00
Increase (Decrease) in:	
Accrued Payables	<u>54.19</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u><u>\$ 20,371.66</u></u></b>

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

**Ottawa County E-911 Governing 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.

Ottawa County E-911 Governing Authority is a public trust under the provisions of the Oklahoma Public Trust Act and established in Ottawa County, Oklahoma. The primary purpose of the trust is to provide for collection, monitoring, and safeguarding of public funds collected to pay of the installation and maintenance of the E-911 equipment and the installation and maintenance of the lines and equipment for enhanced 911 service for Ottawa 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 enhanced 911 service to the designated areas of Ottawa County.

The Authority's financial statements are prepared on the modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, and liabilities resulting from cash transactions, adjusted for modifications that have substantial support in generally accepted accounting principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this Note.

**A. Financial Reporting Entity**

The Authority defines component units as legally separate organizations for which the elected officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Authority considered all potential component units in determining what organizations should be included in the financial statements. Based on these criteria, there are no component units to include in the Authority's financial statements.

The Authority's fund is an enterprise fund. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

**Ottawa County E-911 Governing Authority  
Notes to the Financial Statements  
For the Year Ended June 30, 2023**

**I. Summary of Significant Accounting Policies (continued)**

**B. Measurement Focus, Basis of Accounting, and Basis of Presentation**

The accompanying financial statements have been prepared on the modified cash basis. Under the modified cash basis of accounting nearly all elements of the income statement are recorded using the cash basis, and accounts receivable and accounts payable are not recorded in the balance sheet.

**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.

**Receivables**

Receivables are not displayed in modified cash basis financial statements as revenues are recorded when cash is received.

**Fixed Assets**

All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. The Authority’s policy calls for capitalization of fixed assets that are worth at least \$5,000.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense. 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.”

**Ottawa County E-911 Governing Authority**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**I. Summary of Significant Accounting Policies (continued)**

**D. Revenues, Expenditures and Expenses**

**Tariff Fees**

Revenues from tariff fees include amounts due to the Authority from taxes collected by 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**II. Stewardship, Compliance and Accountability**

The Authority is subject to various federal, state and local laws and contractual regulations. An analysis of the Authority's compliance with significant laws and regulations and demonstration of its stewardship over Authority resources follows.

**A. Budgetary Information**

Stewardship, compliance, and accountability are key concepts in defining the responsibilities of the Ottawa County E-911 Governing 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 Ottawa County E-911 purposes. For the year ended June 30, 2023, the Authority complied, in all material respects, with this revenue restriction.

**Ottawa County E-911 Governing 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, \$1,222,358 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	\$ 29,661.92	\$ 399,816.00	\$ -	\$ 429,477.92
Vehicles	37,103.50	-	-	37,103.50
Total Depreciable Assets	<u>66,765.42</u>	<u>399,816.00</u>	<u>-</u>	<u>466,581.42</u>
Accumulated Depreciation:				
Equipment	(22,210.00)	(21,745.00)	-	(43,955.00)
Vehicles	<u>(10,601.00)</u>	<u>(2,650.00)</u>	<u>-</u>	<u>(13,251.00)</u>
Total Accumulated Depreciation	<u>(32,811.00)</u>	<u>(24,395.00)</u>	<u>-</u>	<u>(57,206.00)</u>
Net Capital Assets	<u>\$ 33,954.42</u>	<u>\$ 375,421.00</u>	<u>\$ -</u>	<u>\$ 409,375.42</u>

**Ottawa County E-911 Governing Authority**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2023**

**IV. Other Information**

**A. Risk Management**

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The Authority purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials' liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past four fiscal years.

**B. Defined Benefit Pension Plan**

The Ottawa County E-911 Governing 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.

The Oklahoma Public Employees Retirement System issues a publicly available financial report that may be obtained by writing to P.O. Box 53007, Oklahoma City, OK 73152-2381 or calling 1-800-733-9008.

**C. Commitments and Contingencies**

The Ottawa County E-911 Governing Authority is not aware of any pending or threatened legal actions against it.

**D. Subsequent Events**

Management has evaluated subsequent events through the date of this 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.

**Ottawa County E-911 Governing Authority  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2023**

**2023-01 – Custodial Credit Risk**

CONDITION: The authority's bank balances exceeded FDIC coverage by \$256,269 at June 30, 2023 and the amount exceeding FDIC coverage was not collateralized.

CRITERIA: Per Oklahoma State Statutes, public entities shall require financial institutions deposit collateral securities or instruments to secure deposits of the public entity in each such institution.

CAUSE OF CONDITION: Although the Authority began the process of ensuring the financial institution furnished collateral, the process was not completed.

EFFECT OF CONDITION: The Authority's custodial credit risk was \$256,269 at June 30, 2023 subjecting it to potential loss in the event of a bank failure.

RECOMMENDATION: Bank account balances should be monitored, and steps should be taken if bank balances exceed FDIC coverage to ensure the financial institution fully collateralizes the excess funds.

MANAGEMENT RESPONSE: We were aware our bank balances exceeded FDIC coverage and that we were required to have the financial institution supply collateral for the excess. We opened a bank account at a second financial institution to help prevent this issue; however, we received a lump sum amount of funds that were anticipated to be expended immediately but were not. With having separate accounts at separate financial institutions, we do not anticipate this being an issue in the future.