

ADAIR COUNTY 911 REGIONAL TRUST AUTHORITY

(A Component Unit of Adair County, Oklahoma)

ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2022

**Audited By
Michael Green, CPA
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Stilwell, Ok 74960**

ADAIR COUNTY 911 REGIONAL TRUST AUTHORITY
(A Component Unit of Adair County, Oklahoma)
ANNUAL FINANCIAL STATEMENTS & INDEPENDENT AUDITOR'S REPORT
June 30, 2022

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MICHAEL W. GREEN
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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Adair County 911 Regional Trust Authority
Stilwell, Oklahoma

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of Adair County 911 Regional Trust Authority (the Authority), a component unit of Adair County, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2022, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Authority and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Adair County 911 Regional Trust Authority and do not purport to, and do not, present fairly the financial position of Adair County, Oklahoma, as of June 30, 2022, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. My opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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

My 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 my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the 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*, I:

- 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 my 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.

I am 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 I identified during the audit.

Required Supplementary Information

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 5, 2022, 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 grant agreements and other matters.

The purpose of that report is solely 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 effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

Best Regards,

Michael Green
Certified Public Accountant
Stilwell, OK

December 5, 2022

Adair County 911 Regional Trust Authority
(A Component Unit of Adair County, Oklahoma)
Statement of Net Position
June 30, 2022

Assets

Current Assets:

Cash and Cash Equivalents	\$ 298,534
Telephone Surcharges Receivable	36,041
Total Current Assets	<u>334,575</u>

Noncurrent Assets:

Equipment	880,981
Less Accumulated Depreciation	<u>(838,389)</u>
Total Noncurrent Assets	<u>42,592</u>

Total Assets	<u><u>377,167</u></u>
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Liabilities

Current Liabilities:

Accounts Payable	<u>4,309</u>
Total Current Liabilities	<u>4,309</u>

Total Liabilities	<u><u>4,309</u></u>
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Net Position

Invested in capital assets, net of related debt	42,592
Unrestricted	<u>330,266</u>
Total Net Position	<u><u>\$ 372,858</u></u>

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

Adair County 911 Regional Trust Authority
(A Component Unit of Adair County, Oklahoma)
Statement of Revenues, Expenses and Change in Net Position
For the Year Ended
June 30, 2022

Operating Revenues

Telephone Surcharges	\$ 259,716
Other	14,625
	<hr/>
Total Operating Revenues	274,341

Operating Expenses

Car and Truck	50
Depreciation Expense	7,323
Dispatcher Support	6,000
Office Expense	7,424
Payroll Expenses	46,824
Professional Fees	4,850
Software Lease, Support	89,634
Telephone	65,084
All Other	6,737
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Total Operating Expense	<hr/> 233,926
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Operating Income (Loss)	<hr/> 40,415
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Change in Net Position	40,415
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Net Position - Beginning of Year	<hr/> 332,443
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Net Position - End of Year	<hr/> <hr/> \$ 372,858
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The accompanying notes and auditors report are an integral part of these financial statements.

Adair County 911 Regional Trust Authority
(A Component Unit of Adair County, Oklahoma)
Statement of Cash Flows
For the Year Ended
June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from Telephone Surcharges and Supplemental Appropriations	\$ 273,459
Cash Paid to Employees	(46,824)
Cash Paid to Suppliers	(185,451)
Net Cash Provided by Operations	<u>41,184</u>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Net Increase(Decrease) in Capital Purchases	<u>(1,720)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(1,720)</u>

Net Increase in Cash	39,464
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Cash at Beginning of Year	<u>259,070</u>
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Cash at End of Year	<u><u>\$ 298,534</u></u>
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Reconciliation of Operating Income to Net Cash

Provided by Operating Activities

Operating Income (Loss)	\$ 40,415
Adjustment to Reconcile Operating Income (Loss) to Net Cash provided by Operating Activities:	
Depreciation	7,323
Decrease (Increase) in Receivables	(882)
Increase (Decrease) in Payables	<u>(5,672)</u>

Net Cash Provided by Operating Activities	<u><u>\$ 41,184</u></u>
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The accompanying notes and auditors report are an integral part of these financial statements.

Adair County 911 Regional Trust Authority
(A Component Unit of Adair County, Oklahoma)
Notes to the Financial Statements
June 30, 2022

Note 1-Summary of Significant Accounting Policies

The Adair County commissioners, under the provisions of Oklahoma Title 60 O.S. Section 176-180, created the Adair County 911 Regional Trust Authority in March 1997.

The financial statements of the Adair County 911 Regional Trust Authority (the Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

Basis of Accounting

The Authority uses enterprise fund accounting under accrual basis. Under the accrual basis of accounting, revenues are recognized when they are earned, and expenses are recognized when they are incurred, in accordance with generally accepted accounting principles. The Authority's policy is that 911 surcharges are accrued in the proper period.

Reporting Entity

The Adair County 911 Regional Trust Authority is a component unit of Adair County of Oklahoma as set forth in GASB 14, "The Financial Reporting Entity." The criterion for including organizations within a reporting entity is financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board; and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Note 2-Cash

The Authority's operating funds are on deposit with the Adair County Treasurer at the Armstrong Bank, Stilwell, Oklahoma. All funds are covered by FDIC or collateral pledges. The County pools cash of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable and available to meet current operating requirements. All Authority revenue is received by the Adair County Treasurer and is appropriated to the Authority the calendar month after its receipt by the Treasurer.

Note 3-Revenue Receivable

All receivables are recorded at their net value. Remittance receipts are net of administrative fees. No allowance for doubtful accounts is recorded since the Authority believes all fees are collectable. All receivables are for franchise fees collected by the State of Oklahoma.

Note 4-Usage Fees

Telephone service providers operating in Adair County collect five percent (5%) of the amount billed to each service user for tariff charges for exchange telephone service or its equivalent. These 911 fees are

remitted to the Oklahoma Tax Commission who then remits to the Adair County Treasurer who then remits to the Authority.

Note 5-Property and Equipment

Property and equipment are recorded at historical cost. The equipment owned by the Authority consists of computer, computerized telephone routers, signs and office equipment. The Authority does not consider office equipment under \$500 to be fixed assets but instead treats such purchases as current expenditures. The Authority estimates the useful life of computer equipment, software, and office equipment to be five years and signs & mapping to be 15 years. The Authority uses straight-line depreciation using a half year convention.

	Balance 6/30/2021	Additions	Deletions	Balance 6/30/2022
Business-type activities:				
Other capital assets:				
Equipment	\$ 879,261	\$ 1,720	\$ -	\$ 880,981
Total other capital assets at historical cost	879,261	1,720	-	880,981
Less accumulated depreciation for:				
Total accumulated depreciation	(831,066)	(7,323)	-	(838,389)
Other capital assets, net	48,195	(5,603)	-	42,592
Business-type activities capital assets, net	\$ 48,195	\$ (5,603)	\$ -	\$ 42,592

Note 6- Long Term Debt

At June 30, 2022, the Authority had no long term debt.

Note 7-Litigation and Contingencies

As of June 30, 2022, the Adair County 911 Regional Trust Authority is not aware of any pending or threatening litigation. The Authority participates in various state and federal grants for implementation of 911 services for the residents of Adair County. Entitlement to these resources is generally conditioned upon compliance with terms and conditions of the grant and contract agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the Grantors. Any disallowances as a result of these audits will become a liability of the Authority. As of June 30, 2022, the Adair County 911 Regional Trust Authority was not aware of any potential liabilities resulting from such audits.

Note 8-Dependence Upon Funding Sources

The Authority is heavily dependent on the 911 surcharges and any variations in this funding source could have severe impacts upon the Authority.

Note 9-Agreements with Other Governmental Agencies and Entities

The Authority has agreements to pay a dispatcher's supplement to the Sheriff's Department of Adair County. The Authority has an agreement with the Adair County Jail Trust Authority to house certain computer and routing equipment in the Jail Trust Building. The Authority has agreements with the

Stilwell Police Department and with the Westville Police Department to place 911 equipment in the offices of those two departments.

Note 10-Use of Estimates

The Authority has used estimates in its financial statements. These estimates include the estimation of the useful life of fixed assets. Actual results, thus, may differ from the estimates presented in these financial statements.

Note 11-Uncertainties

During March 2020, the World Health Organization declared a pandemic with the outbreak of the COVID-19 and declared a “Public Health Emergency of International Concern”. The U.S. Government and local governmental authorities implemented procedures to attempt to contain the virus and lessen its impact. The spread of this virus has caused business interruptions that are expected to continue for the foreseeable future. The extent of the impact of COVID-19 on the Authority’s operational and financial performance has not yet been determined. As such, these financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Note 12-Subsequent Events

Subsequent events have been evaluated through December 5, 2022, which is the date the financial statements were available to be issued.

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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
Adair County 911 Regional Trust Authority
Stilwell, Oklahoma

I 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 Adair County 911 Regional Trust Authority (the Authority), a component unit of Adair County, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued my report thereon dated December 5, 2022.

Report on Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, I 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 Authority'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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Authority's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Best Regards,

Michael Green
Certified Public Accountant
Stilwell, OK

December 5, 2022