

TEXAS COUNTY 911 TRUST  
AUTHORITY  
Annual Financial Report

Fiscal Year Ended June 30, 2022

Texas County, Oklahoma

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## Board of Trustees

Matt Boley	Chairman
Dolan Sledge	Vice Chairman
Grant Wadley	Secretary
Mike Shannon	Trustee
Robbie Wayman	Trustee
Michael Arndt	Trustee
Bill Baber	Trustee

## Management

Justin Carnagey	Executive Director
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Texas County 911 Trust Authority

**Opinion**

We have audited the accompanying modified cash basis financial statements of the business-type activities of the Texas County 911 Trust Authority ("Authority") 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 our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the business-type activities of the Authority, as of June 30, 2022, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 2.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 opinions.

**Emphasis of Matter—Basis of Accounting**

We draw attention to Note 2 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 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 these financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's 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 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 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, 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 September 30, 2022, 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 control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.



Elfrink and Associates, PLLC

Tulsa, Oklahoma  
September 30, 2022

**Statement of Net Position (Modified Cash Basis)**  
**June 30, 2022**

**Assets**

Current assets:

Cash and cash equivalents	\$ 590,267
Total current assets	<u>590,267</u>

Noncurrent assets:

Capital assets, depreciable, net	<u>211,892</u>
Total noncurrent assets	<u>211,892</u>
Total assets	<u>802,159</u>

Net position

Net investment in capital assets	211,892
Unrestricted	<u>590,267</u>
Total net position	<u>\$ 802,159</u>

See accompanying notes to the financial statements

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**Statement of Revenues, Expenses, and Change in Net Position (Modified Cash Basis)**  
**Year Ended June 30, 2022**

Service revenues	
Landline 911 service fees	\$ 47,586
Wireless 911 service fees	195,235
Contract service fees	606,436
Other	150
Total service revenue	<u>849,407</u>
Operating expenses	
Radios	5,235
Telecommunications	39,571
CAD System	10,850
Salaries, wages and benefits	584,409
Building rent and maintenance	7,685
Office supplies and equipment	76,092
Insurance	8,268
General administration	14,925
Vehicle fuel and maintenance	3,507
Training and travel	6,660
Geosafe Expense	20,000
Recorder Expense	-
Depreciation	74,377
Total operating expenses	<u>851,579</u>
Operating loss	(2,172)
Nonoperating revenues	
Grants	45,220
Intergovernmental	-
Interest income	1,798
Total nonoperating revenues	<u>47,018</u>
Change in net position	44,846
Net position - beginning	<u>757,313</u>
Net position - ending	<u>\$ 802,159</u>

See accompanying notes to the financial statements

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**Statement of Cash Flows (Modified Cash Basis)  
Year Ended June 30, 2022**

<b>Operating activities</b>	
Receipts for services	\$ 849,407
Payments for goods and services	(192,793)
Payments to employees	(584,409)
Net cash provided by operating activities	<u>72,205</u>
<b>Noncapital and related financing activities</b>	
Grant received from the State of Oklahoma	<u>45,220</u>
Net cash provided by capital and related financing activities	<u>45,220</u>
<b>Capital and related financing activities</b>	
Purchases of capital assets	<u>(3,831)</u>
Net cash used by capital and related financing activities	<u>(3,831)</u>
<b>Investing activities</b>	
Interest and dividends	<u>1,798</u>
Net change in cash and cash equivalents	115,392
Cash and cash equivalents, beginning of year	<u>474,875</u>
Cash and cash equivalents, end of year	<u>\$ 590,267</u>
<b>Reconciliation of operating loss to net cash provided by operating activities</b>	
Operating loss	\$ (2,172)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	<u>74,377</u>
Net cash provided by operating activities	<u><u>\$ 72,205</u></u>

See accompanying notes to the financial statements

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## Notes to the Financial Statements

### 1. Organization

The Texas County 911 Trust Authority (TC911TA) was created on May 13, 2019 pursuant to Title 60, Oklahoma Statutes 2011, section 176 to 180.4, for benefit of Texas County, Oklahoma and the City of Guymon, Oklahoma to operate or cause to be operated an enhanced 911 emergency system for cities, towns, public agencies or legal entities which elect to contract with the TC911TA. The trust is governed by a seven-member Board of Trustees to include the City of Guymon City Manager or Assistant City Manager, City of Guymon Fire Chief, City of Guymon Police Chief, a Commissioner of Texas County, Oklahoma, the Texas County Sheriff, and two additional members of a "Public Safety Agency" as appointed by the Board of Commissioners of Texas County, Oklahoma.

The accompanying financial statements include all functions and activities over which TC911TA exercises financial accountability. TC911TA is considered a primary government as defined by the Governmental Accounting Standards Board (GASB) and has no other component units within its reporting entity.

### 2. Summary of Significant Accounting Policies

#### Basis of Presentation

The TC911TA's fund is an enterprise fund. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. All of the activities of the TC911TA are business-type activities. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

#### Measurement Focus and Basis of Accounting

Measurement focus refers to how transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recognized and recorded in the financial statements regardless of the measurement focus applied.

TC911TA's financial statements use the economic resources measurement focus and are presented on the modified cash basis of accounting. Revenues are recognized when they are received and expenses are recorded when paid with the following modifications:

- Capital assets and the depreciation of those assets, where applicable.
- Long-term debt is recorded when incurred.

This basis is a basis of accounting other than accounting principles generally accepted in the United States of America. If the Authority utilized the basis of accounting recognized as generally accepted, the financial statements would use the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred.



### Cash and Cash Equivalents

The Authority considers all cash on hand, demand deposits, interest bearing checking accounts and time deposit accounts including certificates of deposit and U.S. Treasury bills with maturities of three months or less to be cash and cash equivalents.

### Capital Assets

It is TC911TA's policy to capitalize property and equipment having an original cost in excess of \$1,000 and a useful life longer than one year. Capital assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives. The range of estimated useful lives by type of asset is as follows:

Vehicles	5 years
Hardware and Software	5 years
Equipment and Furniture	7 years
Buildings	25 years

### Non-Current Liabilities

Long-term debt to be repaid from TC911TA resources are reported as non-current liabilities in the Statement of Net Position. The TC911TA does not currently have any debt.

### Net position

Net position is classified into three components:

- *Net Investment in Capital Assets* – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources is included in the same net position component as the unspent proceeds.
- *Restricted* – This component consists of net position whose use is subject to external constraints (such as through debt covenants) by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This component consists of net position elements that do not meet the definition of restricted or net investment in capital assets.

When the TC911TA incurs an expenditure where it can use both restricted and unrestricted funds, the TC911TA will first use restricted funds.

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**Operating and Non-Operating Revenues**

Operating revenues are considered those whose cash flows are related to operating activities, while revenues related to financing, capital and investing activities are reported as non-operating.

**Expenses**

The TC911TA reports expenses relating to the use of economic resources.

**Commitments and Contingencies**

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

**Uses of Estimates**

Certain estimates are made in the preparation of the modified cash basis financial statements, such as estimated lives for capital assets depreciation. Estimates are based on management’s best judgments and may vary from actual results.

**3. Deposits and Investments**

As of June 30, 2022, the TC911TA had \$321,828 in an insured cash sweep savings account and \$268,439 in demand checking accounts.

*Custodial Credit Risk*

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 does have a written policy for custodial risk that states collateral is required for demand deposits, certificates of deposit, and savings accounts for amounts not covered by FDIC insurance. \$76,496 of the Authority’s deposits were exposed to custodial credit risk at June 30, 2022.

**4. Capital Assets**

Capital assets activity for the fiscal year ended June 30, 2022 was as follows:

	Balance <u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2022</u>
Depreciable assets				
Equipment and furniture	\$ 381,592	\$ 3,831	\$ -	\$ 385,423
Total depreciable assets	<u>381,592</u>	<u>3,831</u>	<u>-</u>	<u>385,423</u>
Less accumulated depreciation	99,154	74,377	-	173,531
Capital assets, net	<u>\$ 282,438</u>	<u>\$ (70,546)</u>	<u>\$ -</u>	<u>\$ 211,892</u>

## **5. Related Parties and Common Control**

TC911TA's revenues are derived from wireless and landline fees levied by Texas County and the City of Guymon, which are also beneficiaries of the Trust as per the Indenture. Representatives of each government serve on TC911TA's Board of Trustees.

## **6. Contract Services**

TC911TA has entered into an agreement to assist Cimarron County with the implementation and operation of E-911 services. Under the agreement, Cimarron County makes monthly payments to TC911TA. The contract is renewable annually on June 30.

## **7. Risk Management**

TC911TA is exposed to various risks of loss related to errors and omissions and manages the risk of loss by carrying commercial insurance with a deductible of \$2,500.

## **8. Commitments and Contingencies**

### **Building Lease**

TC911TA leases office space for its dispatch center from the Oklahoma Department of Public Safety (DPS) at a cost of \$501 per month. The lease term runs from December 1, 2021 through November 30, 2022.

### **Litigation**

TC911TA may be party to various legal proceedings, which normally occur in the ordinary course of business. Management has deemed that no accrual or provision is required at June 30, 2022 related to legal proceedings.

## **9. Subsequent Events**

Management has evaluated subsequent events through the date of this report and determined that no additional information needs to be added to the financial statements.

## **10. Prior Period Adjustment**

A prior period adjustment was made to record an additional \$26,456 of depreciation in 2021, which increased accumulated depreciation and reduced fund balance by the same amount.



# Elfrink and Associates, PLLC

Certified Public Accountants

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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  
Texas County 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 modified cash basis financial statements of the business-type activities of the Texas County 911 Trust Authority ("Authority"), 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 our report thereon dated September 30, 2022. Our report on the financial statements disclosed that, as described in Note 2 to the financial statements, the Authority prepares its financial statements on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

### **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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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.

### **Compliance and Other Matters**

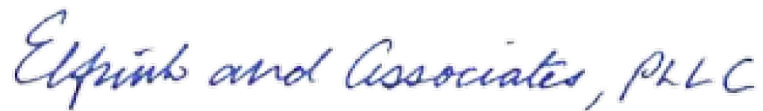
As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* described in the Schedule of Finding and Management Response following this report as item 2022-01.

### **The 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 finding and management response. 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 blue ink that reads "Elfrink and Associates, PLLC". The signature is written in a cursive, flowing style.

Elfrink and Associates, PLLC

Tulsa, Oklahoma  
September 30, 2022

**TEXAS COUNTY 911 TRUST AUTHORITY**

**FISCAL YEAR ENDED JUNE 30, 2022**

**SCHEDULE OF FINDING AND MANAGEMENT RESPONSE**

This schedule is presented as an addendum to accompany the *“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”*. Consideration of items listed should be made in conjunction with that report.

2022-01 – Collateralization of Uninsured Deposits

CONDITION: Authority deposits of approximately \$76,000 were uninsured or uncollateralized at June 30, 2022.

CRITERIA: Oklahoma statutes Title 62, Section 511 and, relating to trusts, Title 60 Section 175.24(7), require all deposits of a municipality to be properly insured and/or collateralized at all times to ensure that no public funds are lost in the event of a failure of the financial institution.

EFFECT: In the event of a failure of the financial institution, the Authority could lose the funds that were uninsured or uncollateralized.

CAUSE: The Authority did not have procedures in place to properly monitor the balances on deposit with financial institutions in relation to the amounts pledged by the financial institutions to ensure that all uninsured public funds are adequately collateralized at all times

RECOMMENDATION: Management should establish procedures to properly monitor the deposit and investment balances at each financial institution in relation to the amounts pledged by the financial institution to ensure that all public funds are adequately collateralized at all times.

RESPONSE: Management has contacted the bank and been advised that they will be able to accommodate the requirement by transferring uninsured balances to a CDARS ICS savings account. By taking this step, the Authority will meet the requirement of having all funds insured or covered by collateral.