

TEXAS COUNTY 911 TRUST
AUTHORITY
Annual Financial Report

Fiscal Year Ended June 30, 2023

Texas County, Oklahoma

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Matt Boley	Trustee
Robbie Wayman	Trustee
Michael Ardnt	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, 2023, 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, 2023, 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.

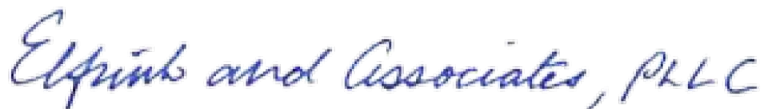
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 14, 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 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 14, 2023

Statement of Net Position (Modified Cash Basis)
June 30, 2023

Assets

Current assets:

Cash and cash equivalents	\$ 713,704
Total current assets	<u>713,704</u>

Noncurrent assets:

Capital assets, depreciable, net	<u>137,514</u>
Total noncurrent assets	<u>137,514</u>
Total assets	<u>851,218</u>

Net position

Net investment in capital assets	137,514
Unrestricted	<u>713,704</u>
Total net position	<u>\$ 851,218</u>

See accompanying notes to the financial statements

Statement of Revenues, Expenses, and Change in Net Position (Modified Cash Basis)
Year Ended June 30, 2023

Service revenues	
Landline 911 service fees	\$ 36,722
Wireless 911 service fees	185,792
Contract service fees	658,926
Other	300
Total service revenue	<u>881,740</u>
Operating expenses	
Radios	5,830
Telecommunications	40,266
CAD System	10,887
Salaries, wages and benefits	609,211
Building rent and maintenance	5,578
Office supplies and equipment	27,484
Insurance	9,354
General administration	17,652
Vehicle fuel and maintenance	6,620
Training and travel	3,653
Geosafe Expense	20,000
Recorder Expense	7,890
Depreciation	74,377
Total operating expenses	<u>838,802</u>
Operating income	42,938
Nonoperating revenues	
Interest income	6,121
Total nonoperating revenues	<u>6,121</u>
Change in net position	49,059
Net position - beginning	802,159
Net position - ending	<u>\$ 851,218</u>

See accompanying notes to the financial statements

Statement of Cash Flows (Modified Cash Basis)
Year Ended June 30, 2023

Operating activities	
Receipts for services	\$ 881,740
Payments for goods and services	(155,214)
Payments to employees	<u>(609,211)</u>
Net cash provided by operating activities	<u>117,315</u>
Investing activities	
Interest and dividends	<u>6,121</u>
Net change in cash and cash equivalents	123,436
Cash and cash equivalents, beginning of year	<u>590,268</u>
Cash and cash equivalents, end of year	<u>\$ 713,704</u>
Reconciliation of operating loss to net cash provided by operating activities	
Operating income	\$ 42,938
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>\$ 117,315</u>

See accompanying notes to the financial statements

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.

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, 2023, the TC911TA had \$268,606 in an insured cash sweep savings account and \$445,098 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. None of the Authority's deposits were exposed to custodial credit risk at June 30, 2023.

4. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2023 was as follows:

	Balance <u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2023</u>
Depreciable assets				
Equipment and furniture	\$ 385,423	\$ -	\$ -	\$ 385,423
Total depreciable assets	<u>385,423</u>	<u>-</u>	<u>-</u>	<u>385,423</u>
Less accumulated depreciation	173,531	74,378	-	247,909
Capital assets, net	<u>\$ 211,892</u>	<u>\$ (74,378)</u>	<u>\$ -</u>	<u>\$ 137,514</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 leased office space for its dispatch center from the Oklahoma Department of Public Safety (DPS) at a cost of \$501 per month through November, 2022. On March 1, 2023, the Authority began leasing a building from the City of Guymon. However, the City did not require the Authority to start making payments until July 1, 2023.

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, 2023 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.



Elfrink and Associates, PLLC

Certified Public Accountants

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, 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 September 14, 2023. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of this Report

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

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 14, 2023

Texas County 911 Trust Authority

Fiscal Year Ended June 30, 2023

Update on a Finding From the Prior Year

Collateralization of Uninsured Deposits

CONDITION: The Authority had certain funds on deposit with financial institutions that were not adequately insured or collateralized at June 30, 2022. Authority deposits of approximately \$76,000 were uninsured or uncollateralized.

CRITERIA: Oklahoma statutes Title 62, Section 511 and, relating to trusts, Title 60 Section 175.24(7), require all deposits of an authority 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.

UPDATE: Management has secured the required collateral from the bank. All deposits were either insured or collateralized at June 30, 2023. This matter is considered resolved.