



9-1-1 ACOG

BASIC FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS

FOR THE YEAR ENDED JUNE 30, 2019

9-1-1 association of central oklahoma governments

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
9-1-1 Association of Central Oklahoma Governments

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the 9-1-1 Association of Central Oklahoma Governments ("9-1-1 ACOG") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise 9-1-1 ACOG's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of 9-1-1 ACOG, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such 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 operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 911 ACOG's basic financial statements. The other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2019, on our consideration of 9-1-1 ACOG'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 9-1-1 ACOG's internal control over financial reporting and compliance.



December 3, 2019



MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

As management of the 9-1-1 Association of Central Oklahoma Governments (9-1-1 ACOG), we offer readers of 9-1-1 ACOG's financial statements this narrative overview and analysis of the financial activities of 9-1-1 ACOG for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at 9-1-1 ACOG's financial performance as a whole; readers are encouraged to consider information presented here as well as the financial statements and notes to enhance their understanding of 9-1-1 ACOG's financial performance.

FINANCIAL HIGHLIGHTS

GOVERNMENT-WIDE:

- The assets of 9-1-1 ACOG exceeded its liabilities at the close of the most recent fiscal year by \$19,291,708 (net position). Of this amount, \$18,879,117 (unrestricted net position) may be used to meet 9-1-1 ACOG's ongoing obligations to the member local governments and creditors.
- 9-1-1 ACOG's total net position increased by \$1,551,056. This increase is primarily due to controlling expenses in anticipation of the high cost of future systems and the deferral of some budgeted NG911 projects to future years.

FUND LEVEL:

- At the close of the current fiscal year, 9-1-1 ACOG's governmental fund reported an ending fund balance of \$18,879,117, an increase of \$1,730,666 in comparison with the prior year. Approximately 99.5 percent of this amount, \$18,779,626 is available for spending at 9-1-1 ACOG's discretion (assigned fund balances) although the 9-1-1 ACOG Board of Directors has assigned it to the E9-1-1 emergency telephone number system.
- At the end of the fiscal year, the unrestricted fund balance, including all assigned balances, of the special revenue fund (9-1-1 ACOG's only fund) was \$18,879,117 or 705 percent of total special revenue fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to 9-1-1 ACOG's basic financial statements. 9-1-1 ACOG's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of 9-1-1 ACOG's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of 9-1-1 ACOG's assets, liabilities and deferred inflows/outflows of resources (if any), with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of 9-1-1 ACOG is improving or deteriorating.

The *statement of activities* presents information showing how 9-1-1 ACOG's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements include functions of 9-1-1 ACOG that are principally supported by grants, contracts and 9-1-1 service fees (*governmental activities*). 9-1-1 ACOG has no functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*) and has no component units.

The government-wide financial statements can be found on pages 9 - 10 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. 9-1-1 ACOG, like other similar governmental entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 9-1-1 ACOG only has a special revenue fund, which belongs to the category of governmental funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

9-1-1 ACOG only maintains one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance.

The basic governmental fund financial statements can be found on pages 11 - 13 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 - 18 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *other supplementary information*. Although not legally required to do so, 9-1-1 ACOG does adopt an annual budget for its fund. A budgetary comparison schedule has been provided to demonstrate compliance with this budget and is presented on page 19 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of 9-1-1 ACOG, assets exceeded liabilities by \$19,291,708 at June 30, 2019, as compared with assets exceeding liabilities by \$17,740,652 at June 30, 2018. A portion (2.1 percent) of 9-1-1 ACOG's net position reflects its investment in capital assets (equipment, vehicles, work-in-progress and intangible map database), less any related debt used to acquire those assets that is still outstanding. 9-1-1 ACOG uses these capital assets to operate and to provide services; consequently, these assets are *not* available for future spending. Although 9-1-1 ACOG's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table reflects the condensed Statement of Net Position compared to the prior year.

9-1-1 Association of Central Oklahoma Governments Net Position

	Governmental Activities		Total Percentage Change
	2019	2018	
Current and other assets	\$ 19,353,753	\$ 17,480,398	10.7%
Capital assets	412,591	592,201	-30.3%
Total assets	19,766,344	18,072,599	9.4%
Long-term debt outstanding	-	-	N/A
Other liabilities	474,636	331,947	43.0%
Total liabilities	474,636	331,947	43.0%
Net position			
Net investment in capital assets	412,591	592,201	-30.3%
Restricted	-	-	N/A
Unrestricted	18,879,117	17,148,451	10.1%
Total net position	\$ 19,291,708	\$ 17,740,652	8.7%

None of 9-1-1 ACOG's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$18,879,117) may be used to meet 9-1-1 ACOG's ongoing obligations.

At the end of the current fiscal year, 9-1-1 ACOG is able to report a positive balance in all categories of net position. The same situation held true for the prior fiscal year.

GOVERNMENTAL ACTIVITIES

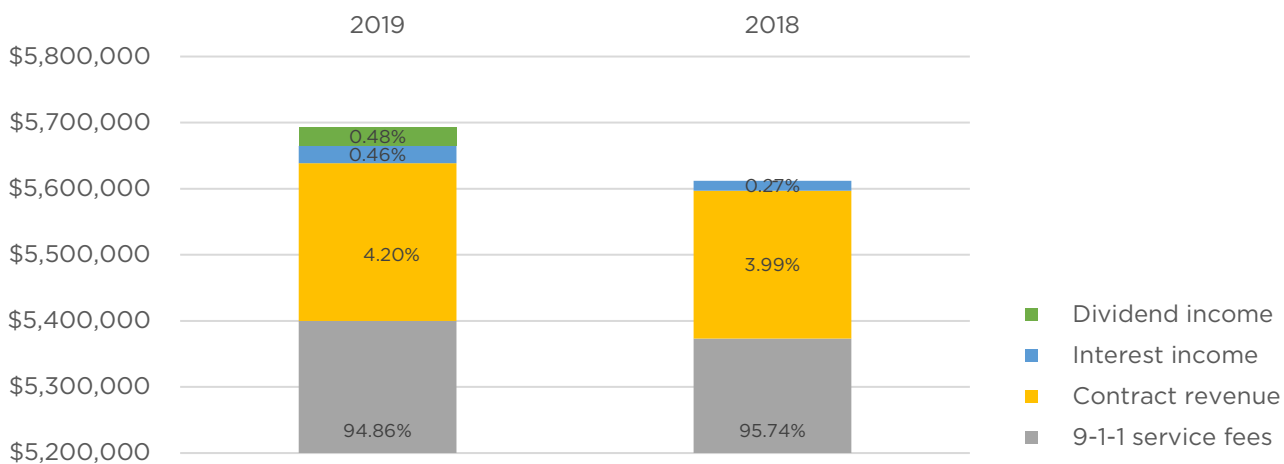
The following table reflects the condensed changes in net position from the prior year.

9-1-1 Association of Central Oklahoma Governments Changes in Net Position

	Governmental Activities		Total Percentage Change
	2019	2018	
Revenues			
Program revenues			
9-1-1 service fees	\$ 5,399,653	\$ 5,373,143	0.5%
Contract revenue	239,068	223,961	6.7%
Interest income	26,241	14,943	75.6%
Dividend income	27,293	-	N/A
Total revenues	5,692,255	5,612,047	1.4%
Expenses			
E9-1-1 emergency telephone number system	4,141,199	4,768,756	-13.2%
Total expenses	4,141,199	4,768,756	-13.2%
Increase (decrease) in net position	\$ 1,551,056	\$ 843,291	83.9%
Beginning net position			
As previously reported	17,740,652	16,903,231	5.0%
Prior period adjustment	-	(5,870)	N/A
Beginning net position, as restated	17,740,652	16,897,361	5.0%
Ending net position	\$ 19,291,708	\$ 17,740,652	8.7%

9-1-1 ACOG's total net assets, all from governmental activities, increased by \$1,551,056 during the current fiscal year. This increase is primarily due to controlling expenses in anticipation of the high cost of future systems and deferring budgeted NG911 projects to future years.

9-1-1 SOURCE OF REVENUES



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, 9-1-1 ACOG uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of 9-1-1 ACOG's special revenue *governmental fund* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing 9-1-1 ACOG's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, 9-1-1 ACOG's special revenue fund reported ending fund balances of \$18,879,117, a net increase of \$1,730,666 in comparison with the prior year. Approximately 99.5 percent (\$18,779,626) has been assigned for E9-1-1 emergency telephone number system expenditures. *Assignments* reflect the 9-1-1 ACOG Board of Directors' self-imposed limitations on the use of otherwise available current financial resources and are subject to change. The remainder of fund balance is not available for new spending because approximately .5 percent (\$99,491) is *unspendable* because it consists of prepaid items.

The increase in fund balance is primarily due to controlling expenses in anticipation of the high cost of future systems and the deferral of some budgeted NG911 projects to future years.

The special revenue fund is the only fund used by 9-1-1 ACOG since its only function or program is the acquisition, implementation and administration of the E9-1-1 emergency telephone number system. This is the reason why 9-1-1 ACOG has no *unassigned* fund balance.

BUDGETARY HIGHLIGHTS

Due to time constraints and the fact that 9-1-1 ACOG is not legally required to adopt a budget for its funds, there was no budget amendment for the fiscal year ended June 30, 2019. The differences between the budget and the actual amounts are primarily due to 9-1-1 ACOG maintaining a fiscally conservative budget. The differences can be summarized as follows:

- 9-1-1 service fees were \$159,341 more than budgeted. This is due to 9-1-1 ACOG continuing to budget extremely conservatively. Beginning January 2017, the monthly 9-1-1 service fees for wireless and VoIP calls increased 25 cents per month per line and the Oklahoma Tax Commission became the new collection and distribution agency for all of those fees. 9-1-1 ACOG expected there should be a net increase of E9-1-1 service fees paid to 9-1-1 ACOG under the new law but the amounts and reliability of the collections were still unknown when the budget was prepared.
- Due to being fiscally conservative and budgeting all known possible expenditures as well as implementation timing differences in the costs associated with enhancements to the regional E9-1-1 answering system, the Text-to-9-1-1 campaign and the continued implementation of the Feasibility Study and Migration Plan for future 9-1-1 System Maintenance, actual expenditures were less than budgeted for ACOG administration by \$438,386, repairs, maintenance and warranty by \$214,421 and Capital Outlay by \$671,799.

CAPITAL ASSET AND LONG-TERM DEBT ADMINISTRATION

Capital assets. 9-1-1 ACOG's investment in capital assets for its governmental type activities as of June 30, 2019, amounts to \$412,591 (net of accumulated depreciation and amortization). This investment in

capital assets includes leased/financed equipment, equipment, an intangible map database, vehicles and works-in-progress as part of the 9-1-1 answering system. The total decrease in 9-1-1 ACOG's investment in capital assets for the current fiscal year was \$179,610 or approximately 30.3 percent.

There were no major capital asset events during the current fiscal year.

9-1-1 Association of Central Oklahoma Governments' Capital Assets (net of depreciation)

	Governmental Activities		Total Percentage Change
	2019	2018	
Intangible map database	\$ 375,948	\$ 375,948	0.0%
Works-in-progress	-	-	N/A
Leased/financed equipment	-	-	N/A
Equipment	36,643	212,759	-82.8%
Vehicles	-	3,494	-100.0%
Total	\$ 412,591	\$ 592,201	-30.3%

Additional information on 9-1-1 ACOG's capital assets can be found in Note 2.C. on page 17 of this report.

Long-term debt. 9-1-1 ACOG had no long-term debt during fiscal year 2019.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The fiscal year 2020 9-1-1 ACOG budget remains conservative. It includes additional revenue of \$131,500. 9-1-1 service fees are projected to be \$50,293 more than budgeted for fiscal year 2019. There is \$81,207 budgeted new revenue from an investment plan established with J.P. Morgan Chase. Total expenditures budgeted for fiscal year 2020 are \$94,533 less than the total expenditures budgeted for fiscal year 2019. There is \$825,081 budgeted for NG9-1-1 Procurement and Implementation Consulting Services. This is part of a not to exceed \$2,000,000 consulting contract awarded to Mission Critical Partners, LLC, effective April 1, 2019. This contract runs through mid-December 2021.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of 9-1-1 ACOG's finances for all those with an interest in 9-1-1 ACOG's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Director of Finance, 9-1-1 Association of Central Oklahoma Governments, 4205 N. Lincoln Boulevard, Oklahoma City, OK 73105. This report will also be available on the ACOG website, www.acogok.org.

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9-1-1 Association of Central Oklahoma Governments
Statement of Net Position
June 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 18,727,406
Receivables	526,856
Prepaid items	99,491
Capital assets, net of accumulated depreciation	412,591
Total assets	<u>19,766,344</u>
LIABILITIES	
Accounts payable	<u>474,636</u>
Total liabilities	<u>474,636</u>
NET POSITION	
Net investment in capital assets	412,591
Unrestricted	18,879,117
Total net position	<u>\$ 19,291,708</u>

The notes to the financial statements are an integral part of this statement.

9-1-1 Association of Central Oklahoma Governments
Statement of Activities
For the Year Ended June 30, 2019

		Program Revenue	Net (Expense) Revenue and Changes in Net Assets
	Expenses	Operating Grants and Contributions	Governmental Activities
<u>Functions/Programs</u>			
E9-1-1 emergency telephone number system	\$ 4,141,199	\$ 5,692,255	\$ 1,551,056
			-
			1,551,056
			17,740,652
			\$ 19,291,708

The notes to the financial statements are an integral part of this statement.

9-1-1 Association of Central Oklahoma Governments
Balance Sheet
Governmental Funds
June 30, 2019

	Special Revenue Fund
ASSETS	
Cash and cash equivalents	\$ 18,727,406
Receivables	526,856
Prepaid items	99,491
Total assets	<u>\$ 19,353,753</u>
LIABILITIES	
Accounts payable	\$ 474,636
Total liabilities	<u>474,636</u>
FUND BALANCES	
Nonspendable:	
Prepaid items	99,491
Assigned to:	
E9-1-1 emergency telephone number system	18,779,626
Total fund balances	<u>18,879,117</u>
Total liabilities and fund balances	<u>\$ 19,353,753</u>
	 Total fund balances \$ 18,879,117
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
	412,591
Net position of governmental activities	<u>\$ 19,291,708</u>

The notes to the financial statements are an integral part of this statement.

9-1-1 Association of Central Oklahoma Governments
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Fund
REVENUES	
9-1-1 service fees	\$ 5,399,653
Contract revenue	239,068
Interest income	26,241
Dividend income	27,293
Total revenues	<u>5,692,255</u>
EXPENDITURES	
Current:	
E9-1-1 emergency telephone number system	
ACOG administration	1,258,573
Maintenance and operation fees - telephone companies	733,006
Repairs, maintenance and warranty	533,375
Consultants	127,442
Insurance	14,189
Supplies	6,847
Vehicle operations	1,355
Legal	2,125
Capital outlay	-
Total expenditures	<u>2,676,912</u>
Excess (deficit) of revenues over expenditures before payments to 9-1-1 ACOG member entities PSAPs	3,015,343
Payments to 9-1-1 ACOG member entities PSAPs	<u>1,284,677</u>
Net change in fund balance	1,730,666
FUND BALANCE	
Fund balance-beginning:	<u>17,148,451</u>
Fund balance-ending	<u><u>\$ 18,879,117</u></u>

The notes to the financial statements are an integral part of this statement.

**9-1-1 Association of Central Oklahoma Governments
Reconciliation of the Statement of Revenues
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2019**

Net change in fund balance - governmental funds	\$ 1,730,666
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount by which depreciation (\$179,610) exceeded capital outlays (\$0) in the current period.

<u>(179,610)</u>

Change in net position of governmental activities	<u>\$ 1,551,056</u>
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The notes to the financial statements are an integral part of this statement.

9-1-1 Association of Central Oklahoma Governments
Notes to the Financial Statements
June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The 9-1-1 Association of Central Oklahoma Governments (9-1-1 ACOG) is a public agency formed under the authority of Title 74, Oklahoma Statutes, permitting public agencies to enter into agreements with one another for joint or cooperative action. 9-1-1 ACOG was established in 1988 after voters approved the establishment of an enhanced 9-1-1 (E9-1-1) emergency telephone number system and was given the responsibility for the acquisition, implementation, and administration of the E9-1-1 emergency telephone number system.

The current membership of 9-1-1 ACOG is comprised of 36 Central Oklahoma cities, towns and counties. 9-1-1 ACOG is governed by a Board of Directors that consists of one elected official from each member government. Each entity receives a weighted vote on the Board based on population. The accompanying financial statements present 9-1-1 ACOG's operations. 9-1-1 ACOG has no blended or discretely presented component units.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of 9-1-1 ACOG.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are provided for 9-1-1 ACOG's one governmental fund, the special revenue fund.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. 9-1-1 service fees are recognized as revenues in the year for which they are due. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when

they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

9-1-1 service fees, contract revenue and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by 9-1-1 ACOG.

9-1-1 ACOG reports the following major governmental fund:

The *special revenue fund* is used to account for 9-1-1 ACOG operations. The major revenue source is a 9-1-1 service fee, collected by the telephone companies and prepaid wireless retailers serving the 9-1-1 ACOG member entities. The telephone companies remit the 9-1-1 service fees for wireline service directly to 9-1-1 ACOG. The Oklahoma Tax Commission now collects all 9-1-1 service fees for all other types of service and remits them to the applicable entities, including 9-1-1 ACOG. Other revenue sources include contract revenues, interest income and other miscellaneous sources.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, 3) capital grants and contributions, and 4) investment earnings. There are no general revenues since all revenues are attributable to 9-1-1 ACOG's single program.

D. ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE

1. Deposits and investments

9-1-1 ACOG's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

9-1-1 ACOG currently has no other investments. When it does, they are reported at fair value.

2. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

3. Capital assets

Capital assets, which include computer equipment, software, vehicles, works-in-progress and an intangible map database, are reported in the statement of net assets. Capital assets are defined by 9-1-1 ACOG as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over estimated useful lives of 3 – 7 years. The intangible map database asset has an indefinite life and is not being amortized.

4. Long-term obligations

In the statement of net position, long-term capital leases and notes payable are reported as liabilities in the governmental activities statement of net assets.

In the fund financial statements, the special revenue governmental fund reports proceeds of capital leases and notes payable as other financing sources.

5. Net position flow assumptions

In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. Although it has no formal policy, 9-1-1 ACOG would normally consider restricted – net position to have been depleted before unrestricted – net position is applied but reserves the right to selectively use unrestricted resources first to defer the use of restricted resources.

6. Fund balance flow assumptions

In order to calculate the amounts to report as restricted and assigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. 9-1-1 ACOG would normally consider restricted fund balance to have been depleted before using unassigned fund balance but reserves the right to selectively use unrestricted resources first to defer the use of restricted resources.

7. Fund balance

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The classifications used in the special revenue fund financial statements are as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form, such as prepaid items, or because the resources must be maintained intact pursuant to legal or contractual requirements.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws and regulations of other governments.
- Assigned – includes fund balance amounts that are intended to be used by 9-1-1 ACOG for specific purposes that do not meet the criteria to be classified as restricted.

9-1-1 ACOG does not have a formal minimum fund balance policy.

2. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

At year-end, 9-1-1 ACOG's carrying amount of deposits was \$11,934,372 and the bank balance was \$12,252,020. Of the bank balance, \$250,000 was fully covered by federal depository insurance. The remaining \$11,684,372 was more than fully collateralized by US Treasury Notes

valued at their current market price of \$12,968,150, held at the Federal Reserve Bank of New York pledged to 9-1-1 ACOG.

9-1-1 ACOG's cash equivalent investments of \$6,793,034 consist of an overnight sweep account investment in JPMorgan U.S. Treasuries Plus Money Market Fund.

B. RECEIVABLES

Receivables as of year-end for 9-1-1 ACOG are as follows:

9-1-1 service fees	\$ 498,816
Contracts	16,022
Dividends	10,168
Other	1,850
Total	<u>\$ 526,856</u>

C. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Intangible map database	\$ 375,948	\$ -	\$ -	\$ 375,948
Works-in-progress	-	-	-	-
Total capital assets, not being depreciated:	<u>375,948</u>	<u>-</u>	<u>-</u>	<u>375,948</u>
Other capital assets:				
Leased/financed equipment	3,041,227	-	-	3,041,227
Equipment	1,426,054	-	-	1,426,054
Vehicles	52,131	-	-	52,131
Total other capital assets	<u>4,519,412</u>	<u>-</u>	<u>-</u>	<u>4,519,412</u>
Less accumulated depreciation for:				
Leased/financed equipment	(3,041,227)	-	-	(3,041,227)
Equipment	(1,213,294)	(176,117)	-	(1,389,411)
Vehicles	(48,638)	(3,493)	-	(52,131)
Total accumulated depreciation	<u>(4,303,159)</u>	<u>(179,610)</u>	<u>-</u>	<u>(4,482,769)</u>
Other capital assets, net	<u>216,253</u>	<u>(179,610)</u>	<u>-</u>	<u>36,643</u>
Governmental activities capital assets, net	<u>\$ 592,201</u>	<u>\$ (179,610)</u>	<u>\$ -</u>	<u>\$ 412,591</u>

D. LONG-TERM LIABILITIES

During the year ended June 30, 2019, 9-1-1 ACOG had no long-term liabilities.

3. OTHER INFORMATION

A. RISK MANAGEMENT

9-1-1 ACOG is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. 9-1-1 ACOG carries commercial insurance coverage to include general liability, property and casualty, and public officials' liability. There have been no significant reductions in insurance coverage. 9-1-1 ACOG does retain the first \$1,000 - \$5,000, depending on the policy, of each risk of loss in the form of deductibles. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

B. RELATED PARTY TRANSACTIONS

In 1988, 9-1-1 ACOG entered into an agreement with the Association of Central Oklahoma Governments (ACOG) for administration of the E9-1-1 emergency telephone number system. In this capacity, ACOG is responsible for the acquisition, implementation, and administration of the 9-1-1 system for the suburban communities, excluding the City of Oklahoma City (the "City").

During the fiscal year ended June 30, 2019, 9-1-1 ACOG again entered into an agreement with the City of Oklahoma City to provide certain program services and develop certain work products of benefit to the City in the support of the City's delivery of 9-1-1 services. These services are provided to the City of Oklahoma City through 9-1-1 ACOG's agreement with ACOG.

9-1-1 ACOG reimburses ACOG for all costs incurred to fulfill all these responsibilities, which include but are not limited to, continued administration of the finances of the system; contract management and coordination with telephone service providers; establishment and maintenance of the E9-1-1 system database and associated geographical informational system (GIS); training of instructors and call-takers; providing a comprehensive public education program promoting the proper utilization of the system; maintenance of E9-1-1 system equipment, software and management information systems and providing professional services to the City of Oklahoma City. 9-1-1 ACOG recorded expenditures under this agreement for the year ended June 30, 2019, amounting to \$1,258,573 of which \$52,482 was for providing professional services to the City of Oklahoma City. 9-1-1 ACOG also reimbursed ACOG for \$256 of expenditures that were budgeted to be paid directly by 9-1-1 ACOG and are therefore reflected here in the applicable expenditure category for budget comparison purposes. Year-end accounts payable includes \$261,707 under this agreement of which \$16,022 is also receivable from the City of Oklahoma City for professional services rendered.

Several individuals serving as officers or directors of 9-1-1 ACOG also hold similar positions with ACOG.

9-1-1 Association of Central Oklahoma Governments
Budgetary Comparison Schedule
Governmental Funds - Special Revenue Fund
For the Year Ended June 30, 2019

	Budgeted Amounts	Actual Amounts Budgetary Basis	Variance with Budget Positive (Negative)
REVENUES			
9-1-1 service fees	\$ 5,240,312	\$ 5,399,653	\$ 159,341
Contract revenue	251,585	239,068	(12,517)
Interest income	8,793	26,241	17,448
Dividend income	-	27,293	27,293
Total revenues	<u>5,500,690</u>	<u>5,692,255</u>	<u>191,565</u>
EXPENDITURES			
Current:			
E 9-1-1 emergency telephone number system			
ACOG administration	1,696,959	1,258,573	438,386
Maintenance and operation fees	807,205	733,006	74,199
Repairs, maintenance and warranty	747,796	533,375	214,421
Consultants	150,000	127,442	22,558
Legal services	40,000	2,125	37,875
Insurance	22,156	14,189	7,967
Supplies	17,400	6,847	10,553
Vehicle Operations	2,500	1,355	1,145
Capital outlay	671,799	-	671,799
TOTAL EXPENDITURES	<u>4,157,815</u>	<u>2,676,912</u>	<u>1,480,903</u>
Excess (deficit) of revenues over expenditures			
before payments to 9-1-1 ACOG member	1,342,875	3,015,343	1,672,468
entities			
Payments to 9-1-1 ACOG member entities PSAPs	1,252,297	1,284,677	32,380
Net change in fund balance	<u>90,578</u>	<u>1,730,666</u>	<u>1,704,848</u>
FUND BALANCE			
Fund balance-beginning:	17,148,451	17,148,451	-
Fund balance-ending	<u>\$ 17,239,029</u>	<u>\$ 18,879,117</u>	<u>\$ 1,640,088</u>

**9-1-1 Association of Central Oklahoma Governments
Information on Budgetary Comparison Schedule
June 30, 2019**

1. BUDGETARY INFORMATION

Budgets for the special revenue fund are adopted on an available resources basis but are converted to a basis consistent with accounting principles generally accepted in the United States of America. 9-1-1 ACOG is not required to have an adopted statutorily defined budget and is unable to legally adopt a budget. Although it is more of a spending guideline, the 9-1-1 ACOG budget is a balanced budget. The 9-1-1 ACOG Board of Directors votes to adopt the budget approved by its Budget Committee for the ensuing fiscal year, subject to amendment or modification, during its June meeting. Formal budget amendments have not been done since 2010 but expenditures in excess of approved budget amounts must be approved by the 9-1-1 ACOG Board of Directors in advance of payment.



**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 Directors of the
9-1-1 Association of Central Oklahoma Governments

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 9-1-1 Association of Central Oklahoma Governments ("9-1-1 ACOG") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise 9-1-1 ACOG's basic financial statements, and have issued our report thereon dated December 3, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 9-1-1 ACOG'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 9-1-1 ACOG's internal control. Accordingly, we do not express an opinion on the effectiveness of 9-1-1 ACOG'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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether 9-1-1 ACOG'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 9-1-1 ACOG'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 9-1-1 ACOG's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wledge & Associates, P.C.

December 3, 2019