

**RAY COUNTY EMERGENCY  
SERVICES 911 BOARD**

**BASIC FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2022**

## TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Net Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Basic Financial Statements	6-9
INTERNAL CONTROL AND COMPLIANCE	
Reports on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	10-11



**Kenney Hales, CPA, PC**  
**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Ray County Emergency Services 911 Board  
Richmond, Missouri

**Report on the Financial Statements**

I have audited the accompanying financial statements of the of Ray County Emergency Services 911 Board (the Board) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Board'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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Board'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 Board's internal control.

## INDEPENDENT AUDITOR'S REPORT – CONTINUED

Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion the financial statements referred to above do present fairly, in all material aspects, the respective financial position of the of Ray County Emergency Services 911 Board as of December 31, 2022, 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated April 20, 2023, on my consideration of the Board's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

*Kenney D Hales, CPA*

Kenney D. Hales, CPA, PC  
Liberty, Missouri  
April 20, 2023

**RAY COUNTY EMERGENCY SERVICES 911 BOARD  
STATEMENT OF NET POSITION  
DECEMBER 31, 2022**

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 2,055,040
Restricted investments	629,041
Prepaid insurance	<u>14,724</u>
Total current assets	<u>2,698,805</u>
CAPITAL ASSETS	
Radios	1,553,394
Computer automated dispatch	310,463
New building	159,576
Vehicles	34,199
Building	19,880
Equipment	18,540
Furniture and fixtures	<u>9,380</u>
Total capital assets	2,105,432
Less accumulated depreciation	<u>(969,567)</u>
Net capital assets	<u>1,135,865</u>
TOTAL ASSETS	<u><u>\$ 3,834,670</u></u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES	
Accounts payable	\$ -
Payroll liabilities	<u>6,854</u>
Total current liabilities	<u>6,854</u>
NET POSITION	
Net investment in capital assets	1,135,865
Board restricted net assets	629,041
Unrestricted	<u>2,062,910</u>
Total net position	<u>3,827,816</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 3,834,670</u></u>

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

**RAY COUNTY EMERGENCY SERVICES 911 BOARD  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

<b>REVENUES</b>	
Sales tax	<u>\$ 2,139,413</u>
Total revenues	2,139,413
 <b>OPERATING EXPENSES</b>	
Payroll	535,693
Depreciation	283,838
Allocation fees	94,704
Employee benefits	65,159
Facilities	53,954
Repairs and maintenance	50,824
Retirement benefits	46,434
Professional fees	44,826
Payroll taxes	44,311
Computer	30,523
Insurance	17,758
Office	10,691
Education	4,987
Vehicles and travel	1,359
Dues	1,191
Advertising	1,174
Miscellaneous	<u>177</u>
Operating expenses	<u>1,197,663</u>
 <b>NET GAIN FROM OPERATIONS</b>	 941,750
 <b>NON-OPERATING REVENUES (EXPENSES)</b>	
Miscellaneous income	45
Interest income	<u>3,145</u>
Total non-operating revenues (expenses)	<u>3,190</u>
 <b>CHANGE IN NET POSITION</b>	 944,940
 <b>NET POSITION, beginning of year</b>	 <u>2,882,876</u>
 <b>NET POSITION, end of year</b>	 <u>\$ 3,827,816</u>

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

**RAY COUNTY EMERGENCY SERVICES 911 BOARD  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from revenues	\$ 2,139,413
Cash paid to employees	(691,597)
Cash paid to suppliers	<u>(234,995)</u>
Net cash provided by operating activities	<u>1,212,821</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	(177,831)
Purchases of capital assets	<u>(737,541)</u>
Net cash used by investing activities	<u>(915,372)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>297,449</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u><b>1,757,591</b></u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><b>\$ 2,055,040</b></u>
<b>Supplemental information:</b>	
Interest paid	\$ -
Taxes paid	\$ -

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

**RAY COUNTY EMERGENCY SERVICES 911 BOARD  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. ORGANIZATION AND NATURE OF ACTIVITIES**

Ray County Emergency Services 911 Board (the Board), a political subdivision of Ray County, Missouri, was formed as a tax-exempt utility organization for the purpose of providing a countywide 911 emergency telephone system under Section 190.309 RSMo within Ray County, Missouri. The Board also provided dispatching services subject to usage fees to various agencies within Ray County under contract agreements. The Board is governed by a board of directors appointed by the Ray County Commission.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The Board complies with generally accepted accounting principles (GAAP) which includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

For financial statement purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying criteria set forth in GAAP. The basic, but not only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion in the reporting entity is the existence of special financing relationships, regardless of whether the Board is able to exercise oversight responsibilities. Based upon the application of these criteria, the Board has determined that no other entity meets the criteria and, therefore, no other entity has been included as a component unit in the Board's financial statements.

The following is a summary of the Board's more significant accounting policies.

**A. Basis of Accounting**

The Board operates as a proprietary fund. All proprietary funds are accounted for on an accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the reporting entity's principal ongoing operations. Operating expenses include the costs of providing the services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.



**RAY COUNTY EMERGENCY SERVICES 911 BOARD  
NOTES TO FINANCIAL STATEMENTS**

**B. Current Assets**

Cash and Cash Equivalents – For the purpose of the Statement of Net Assets, cash and cash equivalents includes all demand and savings accounts of the Board with a maturity date of less than one year.

**C. Capital Assets**

The Board's policy is to capitalize all items costing in excess of \$2,000 and having an estimated useful life of more than one year. Items not meeting these criteria are expensed as incurred. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

Depreciation of capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Building and related improvements - 15 to 40 years  
Radio and computer equipment – 7 to 10 years  
Vehicles – 5 to 7 years  
Furniture and fixtures – 5 to 7 years

**D. Income Taxes**

The Board is exempt from federal and state income taxes.

**E. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**F. Impairment of Long-Lived Assets**

The Board reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the assets exceed the fair value less costs to sell the asset.

**RAY COUNTY EMERGENCY SERVICES 911 BOARD  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3. ECONOMIC DEPENDENCE**

The Board is dependent upon a voter-approved 1% sales tax to be used to fund the Board. This provided the Board with a long-term revenue stream to build and maintain the 911 emergency system in Ray County, Missouri.

**NOTE 4. CASH AND INVESTMENTS**

The Board maintains cash balances at various financial institutions. The balance at each institution is insured by the Federal Deposit Insurance Corporation up to \$250,000. All the Board's deposits and certificates of deposit are insured or collateralized with securities held by the Board's agent in the Board's name. At December 31, 2022, the Board had \$1,555,040 in uninsured cash balances. These uninsured balances are backed by the certificates of deposit.

The Board does not have a policy for limiting its interest rate risk; however, the Board is limited to investing only in bank or savings and loan certificates of deposit. The Board further limits its risk by generally only investing in instruments with original maturities of less than one year. All certificates of deposit mature in the next year.

**NOTE 5. RESTRICTED CASH**

Restricted cash at December 31, 2022, consisted of certificates of deposit totaling \$629,041 at December 31, 2022. The monies have been reserved by the board of directors for the purpose of purchasing in the future, a building to house the Board's operations.

**NOTE 6. CAPITAL ASSETS**

Depreciation expense for the year was \$283,838. Property and equipment and the related accumulated depreciation as of December 31, 2022 are as follows:

	Beginning	Additions	Deletions	Ending
Radios	\$ 1,095,174	\$ 458,220	\$ -	\$ 1,553,394
Computer automated dispatch	209,684	100,779	-	310,463
New building	-	159,576	-	159,577
Vehicles	34,199	-	-	34,199
Building	19,880	-	-	19,880
Equipment	-	18,540	-	18,540
Furniture and fixtures	<u>8,954</u>	<u>426</u>	<u>-</u>	<u>9,380</u>
Total	1,367,891	737,541	-	2,105,432
Less Accumulated	<u>(685,729)</u>	<u>(283,838)</u>	<u>-</u>	<u>(969,567)</u>
Net Capital Assets	<u>\$ 682,162</u>	<u>\$ 453,703</u>	<u>\$ -</u>	<u>\$ 1,135,865</u>

**RAY COUNTY EMERGENCY SERVICES 911 BOARD  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7. BUDGET**

The Board adopts a budget for the operations fund prior to the beginning of each year. The budget is established based on prior years' experience and projections for future water sales. The budget is prepared using the cash basis of accounting.

**NOTE 8. EMPLOYEE BENEFIT PLAN**

The Board participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is a defined benefit pension plan which provide retirement, disability, and death benefits to plan members and beneficiaries. During 2022, the Board contributed \$46,434 towards this fund.

**NOTE 9. MARC ALLOCATION FEES**

The Board entered into a 911 Interlocal Cooperation Agreement with Mid-America Regional Council (MARC), using a per capita cost-sharing formula for 911 operating costs including MARC coordination fees, network, GIS, equipment replacement and maintenance. Under the agreement, operating costs are allocated to participating agencies on a monthly basis. Total payments to MARC for the year ended December 31, 2022 was \$94,704.

**NOTE 10. SUBSEQUENT EVENTS**

On January 5, 2023, the Board purchased land for \$105,305 to be used for the construction of a new building to house all operations. The Board has evaluated subsequent events through April 20, 2023, the date which the financial statements were available to be issued. Nothing material was found.

**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**



**KenneyD Hales, CPA, PC**

Board of Directors  
Ray County Emergency Services 911 Board  
Richmond, Missouri

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Ray County Emergency Services 911 Board's basic financial statements, and have issued my report thereon dated April 20, 2023.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Ray County Emergency Services 911 Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Ray County Emergency Services 911 Board's internal control. Accordingly, I do not express an opinion on the effectiveness of the Ray County Emergency Services 911 Board'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 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.

My consideration of internal control was for the limited purpose described in the first paragraph in this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Ray County Emergency Services 911 Board's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported as part of this communication.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing on 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 report is not suitable for any other purpose.

*Kenney D Hales, CPA*

Kenney D. Hales, CPA, PC  
Liberty, Missouri  
April 20, 2023