

**INDEPENDENT ACCOUNTANT'S
AUDIT REPORT**

**TOWN OF FORT COBB
Fort Cobb, Oklahoma**

JUNE 30, 2021

BY



Town of Fort Cobb
Fort Cobb, Oklahoma
Year Ended June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Town of Fort Cobb
Fort Cobb, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fort Cobb, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town'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 the modified cash basis of accounting described in Note 3; this includes 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 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.

Basis for Adverse Opinion on the Financial Statements as a Whole

During the course of our audit, we were unable to obtain sufficient audit evidence to substantiate the financial information presented by management. Errors in the bank reconciliation of the General Fund combined with lack of documentation are the main reasons for our adverse opinion.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on the Financial Statements as a Whole” paragraph, the financial statements referred to above do not present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fort Cobb as of June 30, 2021, 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 3.

Basis of Accounting

We draw attention to Note 3 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 opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the budgetary comparison information on pages 21 - 22 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. Such 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. The 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town’s basic financial statements. The combining and individual

nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate 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 combining and individual nonmajor fund financial statements are 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 April 22, 2022, on our consideration of the Town'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 Town's internal control over financial reporting and compliance.

Furrh & Associates, PC

FURRH & ASSOCIATES, PC

Lawton, Oklahoma

April 22, 2022

Town of Fort Cobb, OK

Statement of Net Position

(Modified Cash Basis)

June 30, 2021

	<u>Primary Government</u>	
	<u>Governmental</u>	<u>Total</u>
	<u>Activities</u>	
<u>Assets</u>		
Cash and Cash Equivalents	\$ 592,395	\$ 592,395
Deferred Inflow	53,186	53,186
Capital Assets	978,226	978,226
Accumulated Depreciation	(809,250)	(809,250)
Total Assets	<u>\$ 814,557</u>	<u>\$ 814,557</u>
<u>Liabilities</u>		
Payroll Liabilities	\$ 4,420	\$ 4,420
Deferred Outflow	15,240	15,240
Meter Deposits	28,811	28,811
Total Liabilities	48,471	48,471
<u>Net assets</u>		
Invested in Capital, Net of Related Debt	168,976	168,976
Restricted	0	0
Unrestricted	597,110	597,110
Total Net Assets	<u>766,086</u>	<u>766,086</u>
Total Liabilities & Net Assets	<u>\$ 814,557</u>	<u>\$ 814,557</u>

Please see accompanying notes to the financial statements.

Town of Fort Cobb, OK

Statement of Activities
(Modified Cash Basis)
Year Ended June 30, 2021

Functions/Programs Primary Government	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions		Primary Government	
			Capital Grants and Contributions	Governmental Activities	Total	
Governmental Activities						
General Government	\$ 301,827	\$ 257,608	\$ 4,510	\$ 65,435	\$ 25,726	\$ 25,726
Street and Alley	169,414	0	0	0	(169,414)	(169,414)
Public Safety - Fire	18,425	1,800	12,301	0	(4,324)	(4,324)
Public Safety - Police	16,358	11,433	0	0	(4,925)	(4,925)
Community - Community Building	16,332	0	0	0	(16,332)	(16,332)
Total Governmental Activities	<u>522,356</u>	<u>270,841</u>	<u>16,811</u>	<u>65,435</u>	<u>(169,269)</u>	<u>(169,269)</u>
Total Primary Government	<u>\$ 522,356</u>	<u>\$ 270,841</u>	<u>\$ 16,811</u>	<u>\$ 65,435</u>	<u>(169,269)</u>	<u>(169,269)</u>

General Revenue

Taxes:	
Sales Tax	183,324
Use Tax	47,353
Franchise Tax	14,852
Alcoholic Beverage Tax	11,369
Motor Vehicle Tax	5,072
Cigarette Tax	1,740
Miscellaneous Revenue	17,504
Interest Revenue (Expense)	900
Total General Revenue	<u>282,114</u>
Change in Net Assets	112,845
Net Assets, June 30, 2020	<u>653,241</u>
Net Assets, June 30, 2021	<u>\$ 766,086</u>

Please see accompanying notes to the financial statements.

Town of Fort Cobb, OK
Governmental Funds
Balance Sheet
(Modified Cash Basis)
June 30, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>			
Cash and Cash Equivalents	\$ 363,601	\$ 228,794	\$ 592,395
Deferred Inflow	52,847	339	53,186
Total Assets	\$ 416,448	\$ 229,133	\$ 645,581
 <u>Liabilities and Fund Balances</u>			
Due to Depositors	\$ 0	\$ 28,811	\$ 28,811
Deferred Outflow	4,759	14,901	19,660
Total Liabilities	4,759	43,712	48,471
Fund Balances			
Unrestricted	411,689	185,421	597,110
Total Liabilities and Fund Balances	\$ 416,448	\$ 229,133	

Reconciliation to Statement of Net Assets

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital Assets used in governmental activities of \$ 978,226 Net of Accumulated Depreciation of \$ 809,250 are not financial resources and, therefore, are not reported in the funds.

Net Assets of Governmental Activities

	168,976
<u>Net Assets of Governmental Activities</u>	\$ 766,086

Please see accompanying notes to the financial statements.

Town of Fort Cobb, OK
Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Year Ended June 30, 2021

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenue</u>			
Tax Revenue	\$ 258,638	\$ 5,072	\$ 263,710
Utility Income	254,675	1,429	256,104
Grants	20,435	49,826	70,261
Miscellaneous	15,646	1,980	17,626
Donations	150	11,835	11,985
Fines	3,490	3,535	7,025
Cemetery Income	0	5,790	5,790
Fire Runs	0	1,800	1,800
Interest	623	277	900
Total Revenue	553,657	81,544	635,201
<u>Expenditures</u>			
General Government:			
General Government	196,955	86,415	283,370
Public Safety:			
Police	8,481	7,577	16,058
Fire	2,557	6,683	9,240
Street and Public Works:			
Streets	126,455	4,791	131,246
Water Department	35,770	966	36,736
Community:			
Community Building	15,932	0	15,932
Total Expenditures	386,150	106,432	492,582
<u>Revenue Over (Under) Expenditures</u>	167,507	(24,888)	142,619
<u>Other Financing Sources (Uses)</u>			
Transfers In/(Out)	(55,329)	55,329	0
Total Other Financing Sources (Uses)	(55,329)	55,329	0
<u>Net Changes in Fund Balance</u>	112,178	30,441	142,619
<u>Fund Balance, June 30, 2020</u>	299,511	154,980	454,491
<u>Fund Balance, June 30, 2021</u>	<u>\$ 411,689</u>	<u>\$ 185,421</u>	<u>\$ 597,110</u>

Please see accompanying notes to financial statements.

Town of Fort Cobb, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 1 - Summary of Significant Accounting Policies

The accounting and reporting policies of the Town of Fort Cobb, Oklahoma relating to the funds included in the financial statements conforms to generally accepted accounting principles of state and local governments, except as noted below. The following represents the more significant accounting and reporting policies and practices of the Town:

The Town of Fort Cobb, for financial reporting purposes, includes funds and account groups over which the governing board exercises oversight authority.

Note 2 - Fund Accounting

The accounts of the Town are organized on the basis of funds and a group of accounts, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures. The various funds are grouped by type in the financial statements in this report, as follows:

1. Governmental Fund Types

(a) General Fund

The General Fund is the principal fund of the Town which accounts for all financial transactions not properly accounted for in other funds.

(b) Special Revenue Funds

Special Revenue Funds are used to account for the revenues derived from specific taxes and other designated revenue sources.

The Town's current Special Revenue Funds include:

Street & Alley Fund
Meter Fund
Municipal Court Fund
Cemetery M&O
Cemetery Improvement
Police Fund
Fire Fund
Capital Improvement
REAP Grants
Air EVAC

Town of Fort Cobb, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 3 - Basis of Accounting

The modified cash basis of accounting is followed. Revenues are recorded when received rather than when earned. Expenditures are recorded when paid, however, outstanding encumbrances, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation.

This method accounting is a comprehensive basis of accounting which differs from the method required under generally accepted accounting principles. Generally accepted accounting principles for cities and towns require that the modified accrual basis of accounting be followed.

Note 4 - Budget

The Town did not adopt a budget for fiscal year ending June 30, 2021.

Note 5 - Estimates

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

Note 6 - Deposits, Investments, and Collateral

The Town is statutorily limited to investing public funds in insured checking accounts, certificates of deposit, insured savings accounts, savings certificates and U.S. or Oklahoma government obligations. The Town is also required to secure collateral for invested funds in excess of amounts insured by the Federal Deposit Insurance Corporation or Federal Savings & Loan Insurance Corporation. Acceptable collateral is primarily limited to federal, state, and local government obligations.

Note 7 - Fixed Assets

The Town did not maintain a detailed fixed asset ledger prior to July 1999; therefore, only assets purchased after this date are included in the financial statements. Assets acquired since July 1999 are recorded at cost. Changes in fixed assets during the year ended June 30, 2021, were as follows:

Town of Fort Cobb, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

	Fixed Assets	Accumulated Depreciation
Balance, July 1, 2020	\$ 1,002,098	\$ 801,848
Additions	0	29,774
Total	1,002,098	831,622
Disposals	23,872	22,372
 Balance, June 30, 2021	 \$ 978,226	 \$ 809,250

The estimated useful lives by type of asset are as follows:

Buildings and Improvements	40 years
Land Improvements	20 years
Machinery and Equipment	20 years
Furniture and Fixtures	10 years

Note 8 - Pension Plan

In January 1, 2020, the Board of Trustees passed Ordinance 2019-12-027 to provide retirement benefits to the Town employees.

Plan Description: The Town participates in the Oklahoma Municipal Retirement Fund. This Fund is a defined benefit fund that requires 10 years to vest in retirement benefits.

Funding Policy: The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates. The current contribution rates for the Fairgrounds are as follows:

	Employer Portion 8.31%	Employee Portion 3.75%	Covered Payroll	Non-Covered Payroll
FYE June 30, 2021	\$ 12,463	\$ 5,624	\$ 149,971	\$ 2,859

Net Pension Liability: In accordance with Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, we have recorded the net pension liability for the Town in the amount of \$52,652. This amount was based on the actuarial report provided by Dean Actuaries, LLC as of March 2021.

All firefighters participate in the Statewide Oklahoma Firefighter's Pension and Retirement System. The Town contributes to this plan for each firefighter in accordance with Oklahoma Statutes.

Town of Fort Cobb, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 9 - Commitments and Contingent Liabilities

The financial statements do not include any provision for loss contingencies resulting from litigation. Under applicable Oklahoma statutes, cities and towns generally establish a sinking fund to satisfy legal judgments rendered against them. Tax revenues are then specifically assessed for payment of these claims which have been reduced to judgment. Such claims are generally paid through these special tax assessments over a three (3) year period.

Note 10 - Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. Also, all personnel responsible for custody of cash were bonded during the fiscal year.

Note 11 - Insurance and Bond Coverage of Contingencies

The Town carries the following insurance coverage as protection against possible loss contingencies:

- Property Protection
- Workers Compensation
- Municipal Liability

Note 12 - Management Evaluation of Subsequent Events

Management has reviewed information to evaluate the necessity for the disclosure of subsequent events through April 22, 2022, which is the issuance date of the financial statements.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees
Town of Fort Cobb
Fort Cobb, Oklahoma

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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fort Cobb, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated April 22, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Fort Cobb, Oklahoma'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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. During our audit we identified multiple deficiencies in internal control that we consider to be significant deficiencies. Finding 2021-4, 2021-5, 2021-6, 2021-7, and 2021-8.

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 were not identified. Given these limitations, during our audit we

identified multiple deficiencies in internal control that we consider to be material weaknesses. Finding 2021-1, 2021-2, 2021-3, 2021-9, 2021-10, 2021-11, 2021-12, and 2021-13.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Fort Cobb, Oklahoma'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.

Furrh & Associates, PC
FURRH & ASSOCIATES, PC
Lawton, Oklahoma
April 22, 2022

Town of Fort Cobb, OK
Schedule of Findings and Responses
Year Ended June 30, 2021

Reportable Conditions of Internal Control, Compliance and Other Matters

2021-1 Segregation of Duties

Condition – The Town lacks a segregation of duties in the procedures performed by the town clerk.

Effect – Without proper segregation of duties, risk increases that errors and fraud could occur and not be detected in a timely basis.

Cause – Limited personnel available due to budget constraints.

Criteria – Strong internal controls require appropriate segregation of duties.

Recommendation – We recommend that policy and procedures be implemented to ensure proper oversight.

Management response – In March 2022 the Town hired an office manager to ensure proper procedures are followed. A policy defining procedures of financial checks and balances will be completed in May and job descriptions defining duties for each position will be provided.

2021-2 Unreconciled Bank Accounts

Condition – The amount reported as Cash in Bank cannot be verified.

Effect – The Town cannot determine the correct amount to be reported in multiple funds.

Cause – The Town does not reconcile the pooled bank account to the individual fund accounts.

Criteria – Proper accounting procedures require bank accounts to be reconciled on a monthly basis.

Recommendation – We recommend that the Town determine the correct amount of the pooled bank balance to be reported in each individual fund.

Management response – The Town will determine the pooled account balances and will open separate banking accounts for the pooled funds within the General Fund to establish proper accounting procedures.

Town of Fort Cobb, OK
Schedule of Findings and Responses
Year Ended June 30, 2021

2021-3 Lack of Expense Documentation

Condition – The Town could not locate documentation to substantiate operational expenses.

Effect – Insufficient audit evidence could result in misappropriated resources.

Cause – Lack of Town Council oversight in regard to office procedures.

Criteria – Oklahoma Statute 11 Section 22-131 requires documentation to be maintained for five – ten years.

Recommendation – We recommend that the Town adopt a policy concerning documentation retention that is in compliance with Oklahoma State Statutes.

Management response – The Town has written a policy on document retention and currently making the necessary revisions that reflect Oklahoma Statute 11 Section 22-131.

2021-4 Lack of Collateralization

Condition – The Town of Fort Cobb bank accounts are not FDIC insured.

Effect – The Town’s monies are at risk.

Cause – The Town does not have a collateral pledge from the bank.

Criteria – Prudent fiduciary responsibility requires safeguarding of Town’s assets.

Recommendation – We recommend that the Town obtain sufficient collateral pledge to cover the amount of funds that exceed the FDIC limit of \$250,000.

Management response – The Town has obtained from the Washita Valley Bank collateral pledges for \$400,000 and if necessary will request additional collateral to cover funds that exceed the FDIC and pledge limits.

Town of Fort Cobb, OK
Schedule of Findings and Responses
Year Ended June 30, 2021

2021-5 Meter Deposit Shortage

Condition – The Town of Fort Cobb meter deposit account is short \$12,932.

Effect – The Town does not have significant reserves to cover outstanding meter deposits.

Cause – Lack of proper accounting procedures regarding restricted funds.

Criteria – Oklahoma Title 11 Section 17-212 requires that meter deposits to be held in a separate account.

Recommendation – We recommend that the Town set aside sufficient funds to over all outstanding meter deposits.

Management response – The Board of Trustees will set aside the sufficient funds to replenish the meter fund deficit.

2021-6 Capitalization Policy

Condition – The Town does not record purchases accurately.

Effect – The Town’s schedule of capital assets is incorrect.

Cause – The Town does not have any policy regarding classifying a purchase as a capital asset or an expense.

Criteria – GASB 34 requires municipalities to record large purchases as capital assets instead of expensing them.

Recommendation – We recommend that the Town adopt a capitalization policy to ensure that capital assets are properly recorded.

Management response – The Town has adopted a Fixed-Asset Policy and going forward will track assets in a timely manner.

Town of Fort Cobb, OK
Schedule of Findings and Responses
Year Ended June 30, 2021

2021-7 Police Department Inventory

Condition – The Town’s Police Department does not have an accurate inventory of firearms.

Effect – The Town’s assets are not properly accounted.

Cause – Lack of Town’s Police Chief oversight.

Criteria – Prudent fiduciary responsibility requires that dangerous equipment be inventoried on a regular basis.

Recommendation – We recommend that the Town adopt a policy to ensure that all firearms and related weapons are securely maintained.

Management response – The Town will write a Firearm and Inventory Policy and current inventory will be completed in May.

2021-8 Employee File Documentation

Condition – Employee files are missing required documentation such as I-9 and valid driver's licenses.

Effect – The Town could be at risk of hiring illegal employees or employees without valid driver’s licenses.

Cause – Lack of organization of personnel documents.

Criteria – Federal law requires that form I-9 to be maintained in personnel files.

Recommendation – We recommend that the Town adopt a policy to ensure that all employee documentation is properly maintained.

Management response – Employee files have been updated with the required documentation and policy to ensure proper maintenance said files will be completed in May.

Town of Fort Cobb, OK
Schedule of Findings and Responses
Year Ended June 30, 2021

2021-9 Payroll Tax Payments

Condition – The Town paid payroll taxes late to the IRS.

Effect – The Internal Revenue Service may charge the Town penalties for paying payroll taxes late.

Cause – The Town Clerk did not maintain accurate payroll records which resulted in late payments to tax authorities.

Criteria – Tax authorities have specific deadlines for payroll tax payments.

Recommendation – We recommend that the Town clerk review payroll tax reporting requirements on a regular basis.

Management response – In December 2021 the Town Clerk was instructed to review payroll tax reporting requirements on a regular basis. In March 2022 Office Manager, Sheri Hammons was hired to oversee day-to-day office procedures and ensure taxes are paid on time.

2021-10 Lack of Utility Disconnection

Condition – Citizens' utility service was not disconnected for late and/or non-payment.

Effect – The Town provided utility service without guarantee that payment would be received.

Cause – Due to a lack of oversight, multiple utility account balances were allowed to accumulate without regular payments.

Criteria – Town Ordinance requires delinquent utility accounts to be discontinued.

Recommendation – We recommend that the Town Council provide greater oversight of the office activities.

Management response – The Town Board of Trustees will provide greater oversight of the office activities. The Town will be following guidelines set down by Section 16-12 Water, Rates, Fees and Charges in the Fort Cobb Code of Ordinances. This issue was discussed by the Board of Trustees at the April 4, 2022 monthly meeting. All past due accounts will be given written notice and potential payment arrangements will be done in writing.

Town of Fort Cobb, OK
Schedule of Findings and Responses
Year Ended June 30, 2021

2021-11 Unauthorized Utility Charges

Condition – Documentation concerning utility rates cannot be located.

Effect – The citizens may have overpaid for utility services.

Cause – Lack of organization of official documentation.

Recommendation – We recommend that the Town Council approved appropriate utility rates immediately.

Management response – New water rates were approved on July 12, 2021 and new sanitation rates were approved on March 7, 2022.

2021-12 Lack of Organization of Traffic Violations

Condition – Documentation concerning traffic violations cannot be located.

Effect – Misappropriation of funds from traffic violation payments may of occurred.

Cause – Lack of organization of official documentation.

Criteria – Prudent fiduciary responsibility suggest an orderly documentation system.

Recommendation – We recommend that the Town Council develop procedures to ensure traffic violations are properly accounted.

Management response – The Town is developing procedures to ensure the traffic violations are properly accounted. A spreadsheet has been created to track outstanding fines.

Town of Fort Cobb, OK
Schedule of Findings and Responses
Year Ended June 30, 2021

2021-13 Missing Documentation for Sales Tax Transfers to Capital Improvement Fund

Condition – The Town has been transferring sales tax from the General Fund to the Capital Improvement Fund without proper documentation.

Effect – Sales tax monies may not be used in accordance with Town ordinance.

Cause – Lack official documentation to substantiate the amount and timing of the sales tax set aside.

Criteria – Prudent fiduciary responsibility suggest an orderly documentation retention system.

Recommendation – If the ordinance to set aside sales tax dollars cannot be found, we recommend that the Town pass another ordinance.

Management response – The Town will review this recommendation and act appropriately in a future meeting.

Town of Fort Cobb, OK

General Fund

Statement of Revenue, Expenditures, and Changes in Fund Balance

(Modified Cash Basis)

Budget and Actual

Year Ended June 30, 2021

	<u>Original /</u> <u>Final Budget</u>	<u>Actual</u>	<u>(Over)</u> <u>Under</u> <u>Budget</u>
<u>Revenue</u>			
City Sales Tax	\$ 0	\$ 183,324	\$ (183,324)
Water	0	116,819	(116,819)
Sanitation	0	89,921	(89,921)
City Use Tax	0	47,353	(47,353)
Sewer	0	43,527	(43,527)
CARES Act Reimbursement	0	20,435	(20,435)
Franchise Tax	0	14,852	(14,852)
Alcohol Beverage Tax	0	11,369	(11,369)
Miscellaneous Revenue	0	10,858	(10,858)
Penalty	0	4,408	(4,408)
Fines & Forfeitures	0	3,490	(3,490)
Cigarette Tax	0	1,740	(1,740)
Over-Payment	0	1,658	(1,658)
Sale of Property	0	1,575	(1,575)
License Revenue	0	1,555	(1,555)
Interest	0	623	(623)
Donations	0	150	(150)
	<hr/>	<hr/>	<hr/>
Total Revenue	0	553,657	(553,657)
<u>Expenditures</u>			
<u>General Government</u>			
Personal Services	0	112,096	(112,096)
Maintenance and Operations	0	84,859	(84,859)
	<hr/>	<hr/>	<hr/>
Total General Government	0	196,955	(196,955)
<u>Police Department</u>			
Personal Services	0	4,326	(4,326)
Maintenance and Operations	0	4,154	(4,154)
	<hr/>	<hr/>	<hr/>
Total Police Department	0	8,481	(8,481)

Please see accompanying notes to the financial statements.

Town of Fort Cobb, OK
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2021

	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Fire Department</u>			
Maintenance and Operations	0	2,557	(2,557)
Total Fire Department	0	2,557	(2,557)
<u>Street & Alley</u>			
Personal Services	0	105,380	(105,380)
Maintenance and Operations	0	21,075	(21,075)
Total Street & Alley	0	126,455	(126,455)
<u>Water Department</u>			
Maintenance and Operations	0	35,770	(35,770)
Total Water Department	0	35,770	(35,770)
<u>Community Building</u>			
Maintenance and Operations	0	15,932	(15,932)
Total Community Building	0	15,932	(15,932)
Total Expenditures	0	386,150	(386,150)
<u>Revenue Over (Under) Expenditures</u>	0	167,507	(167,507)
<u>Other Financing Sources (Uses)</u>			
Transfer In	0	14,050	(14,050)
Transfer Out	0	(69,379)	69,379
Total Other Financing Sources (Uses)	0	(55,329)	55,329
<u>Revenue and Other Financing Sources Over (Under) Expenditures & Other Uses</u>	0	112,178	(112,178)
<u>Fund Balance, June 30, 2020</u>	0	299,511	(299,511)
<u>Fund Balance, June 30, 2021</u>	<u>\$ 0</u>	<u>\$ 411,689</u>	<u>\$ (411,689)</u>

Please see accompanying notes to the financial statements.

Town of Fort Cobb, OK
Notes to Required Supplemental Information
Year Ended June 30, 2021

Note 1 - Notes to Required Supplemental Information

The Town's annual operating budget represents appropriations as authorized by the Governing Board in accordance with the provisions of the Oklahoma statutes.

The Town operates under the guidelines of the "Municipal Budget Act" which allows the Governing Board to prepare its budgets based upon its estimated revenue. In addition, revisions may be made to the budget throughout the year as authorized by the Governing Board. The legal level of control of the budget is the expenditure category. The expenditure categories required by the applicable state statutes are:

1. Personal Services
2. Maintenance and Operations
3. Capital Outlays

It is the Town's policy that all appropriations lapse at the end of the fiscal year.

The operating budgets of the grants cover the period designated in the grant documents. The Town prepares its annual operating budget on the modified cash basis of accounting, the same basis used to account for actual revenues and expenditures.

The Town did not prepare an annual operating budget for any funds for fiscal year ending June 30, 2021.

Town of Fort Cobb, OK
 Nonmajor Governmental Funds
 Balance Sheet
 (Modified Cash Basis)
 June 30, 2021

	Street & Alley	Meter	Municipal Court	Cemetery M&O	Cemetery Improvement	Police	Fire	Capital Improvement	REAP Grant	Air EVAC	Total Non-Major Govt Funds
Assets											
Cash in Bank	\$ 11,804	\$ 29,274	\$ 10,010	\$ 6,289	\$ 24,624	\$ 400	\$ 34,434	\$ 110,058	\$ 0	\$ 1,901	\$ 228,794
Due from Funds	339	0	0	0	0	0	0	0	0	0	339
Total Assets	\$ 12,143	\$ 29,274	\$ 10,010	\$ 6,289	\$ 24,624	\$ 400	\$ 34,434	\$ 110,058	\$ 0	\$ 1,901	\$ 229,133
Liabilities											
Due to Other Funds	\$ 0	\$ 0	\$ 12,925	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,976	\$ 14,901
Due to Depositors	0	28,811	0	0	0	0	0	0	0	0	28,811
Total Liabilities	0	28,811	12,925	0	0	0	0	0	0	1,976	43,712
Fund Equity											
Fund Balance:											
Unrestricted	12,143	463	(2,915)	6,289	24,624	400	34,434	110,058	0	(75)	185,421
Liabilities & Equity	\$ 12,143	\$ 29,274	\$ 10,010	\$ 6,289	\$ 24,624	\$ 400	\$ 34,434	\$ 110,058	\$ 0	\$ 1,901	\$ 229,133

Town of Fort Cobb, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Year Ended June 30, 2021

	Street & Alley	Meter	Municipal Court	Cemetery M&O	Cemetery Improvement	Police	Fire	Capital Improvement	REAP Grants	Air EVAC	Total Non-Major Govt Funds
Revenue											
Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,826	\$ 0	\$ 45,000	\$ 0	\$ 49,826
Tax Revenue	5,072	0	0	0	0	0	0	0	0	0	5,072
Donations	0	0	0	4,360	0	0	7,475	0	0	0	11,835
Cemetery Income	0	0	0	5,790	0	0	0	0	0	0	5,790
Fines	0	0	2,372	0	0	1,163	0	0	0	0	3,535
Miscellaneous	1	0	0	0	537	0	0	0	0	1,320	1,858
Fire Runs	0	0	0	0	0	0	1,800	0	0	0	1,800
Meter Deposit	0	1,429	0	0	0	0	0	0	0	0	1,429
Interest	0	0	0	15	52	0	45	165	0	0	277
Pound Income	0	0	0	0	0	122	0	0	0	0	122
Total Revenue	5,073	1,429	2,372	10,165	589	1,285	14,146	165	45,000	1,320	81,544
Expenditures											
Maintenance & Operations	4,791	966	5,287	11,987	0	2,290	6,683	0	0	1,395	33,399
Capital Outlay	0	0	0	0	0	0	0	0	73,033	0	73,033
Total Expenditures	4,791	966	5,287	11,987	0	2,290	6,683	0	73,033	1,395	106,432
Revenue Over (Under) Expenditures	282	463	(2,915)	(1,822)	589	(1,005)	7,463	165	(28,033)	(75)	(24,888)
Transfer (to)/from other accounts	0	0	0	0	0	0	0	27,296	28,033	0	55,329
Fund Balance, June 30, 2020	11,861	0	0	8,111	24,035	1,405	26,971	82,597	0	0	154,980
Fund Balance, June 30, 2021	\$ 12,143	\$ 463	\$ (2,915)	\$ 6,289	\$ 24,624	\$ 400	\$ 34,434	\$ 110,058	\$ 0	\$ (75)	\$ 185,421

Please see accompanying notes to the financial statements.

Town of Fort Cobb, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2021

	Street & Alley Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Motor Vehicle Tax	\$ 0	\$ 4,035	\$ (4,035)
Gas Excise Tax	0	1,037	(1,037)
Misc. Revenue	0	1	(1)
Total Revenue	0	5,073	(5,073)
<u>Expenditures</u>			
Maintenance & Operations	0	4,791	(4,791)
Total Expenditures	0	4,791	(4,791)
<u>Revenue Over (Under) Expenditures</u>	0	282	(282)
<u>Fund Balance, June 30, 2020</u>	0	11,861	(11,861)
<u>Fund Balance, June 30, 2021</u>	\$ 0	\$ 12,143	\$ (12,143)

Please see accompanying notes to the financial statements.

Town of Fort Cobb, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2021

	<u>Meter Fund</u>		
	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Meter Deposit	\$ 0	\$ 1,429	\$ (1,429)
Total Revenue	0	1,429	(1,429)
<u>Expenditures</u>			
Maintenance & Operations	0	966	(966)
Total Expenditures	0	966	(966)
<u>Revenue Over (Under) Expenditures</u>	0	463	(463)
<u>Fund Balance, June 30, 2020</u>	0	0	0
<u>Fund Balance, June 30, 2021</u>	<u>\$ 0</u>	<u>\$ 463</u>	<u>\$ (463)</u>

Please see accompanying notes to the financial statements.

Town of Fort Cobb, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2021

	Municipal Court Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Police Fines	\$ 0	\$ 2,372	\$ (2,372)
Total Revenue	0	2,372	(2,372)
<u>Expenditures</u>			
Maintenance & Operations	0	5,287	(5,287)
Total Expenditures	0	5,287	(5,287)
<u>Revenue Over (Under) Expenditures</u>	0	(2,915)	2,915
Transfer (to)/from other accounts	0	0	0
<u>Fund Balance, June 30, 2020</u>	0	0	0
<u>Fund Balance, June 30, 2021</u>	\$ 0	\$ (2,915)	\$ 2,915

Please see accompanying notes to the financial statements.

Town of Fort Cobb, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2021

	Penalty Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Donations	\$ 0	\$ 4,360	\$ (4,360)
Lot Sales	0	4,300	(4,300)
Staking Fees	0	1,490	(1,490)
Interest	0	15	(15)
Total Revenue	0	10,165	(10,165)
<u>Expenditures</u>			
Maintenance & Operations	0	11,987	(11,987)
Total Expenditures	0	11,987	(11,987)
<u>Revenue Over (Under) Expenditures</u>	0	(1,822)	1,822
<u>Fund Balance, June 30, 2020</u>	0	8,111	(8,111)
<u>Fund Balance, June 30, 2021</u>	<u>\$ 0</u>	<u>\$ 6,289</u>	<u>\$ (6,289)</u>

Please see accompanying notes to the financial statements.

Town of Fort Cobb, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2021

	Cemetery Improvement		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Revenue	\$ 0	\$ 537	\$ (537)
Interest	0	52	(52)
Total Revenue	0	589	(589)
<u>Expenditures</u>			
Maintenance & Operations	0	0	0
Capital Outlay	0	0	0
Total Expenditures	0	0	0
<u>Revenue Over (Under) Expenditures</u>	0	589	(589)
<u>Fund Balance, June 30, 2020</u>	0	24,035	(24,035)
<u>Fund Balance, June 30, 2021</u>	\$ 0	\$ 24,624	\$ (24,624)

Please see accompanying notes to the financial statements.

Town of Fort Cobb, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2021

	Police Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Fines & Forfeitures	\$ 0	\$ 1,163	\$ (1,163)
Dog Pound Fee	0	122	(122)
Total Revenue	0	1,285	(1,285)
<u>Expenditures</u>			
Maintenance & Operations	0	2,290	(2,290)
Total Expenditures	0	2,290	(2,290)
<u>Revenue Over (Under) Expenditures</u>	0	(1,005)	1,005
<u>Fund Balance, June 30, 2020</u>	0	1,405	(1,405)
<u>Fund Balance, June 30, 2021</u>	\$ 0	\$ 400	\$ (400)

Please see accompanying notes to the financial statements.

Town of Fort Cobb, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2021

	Fire Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Donations	\$ 0	\$ 7,475	\$ (7,475)
Grants	0	4,826	(4,826)
Fire Runs	0	1,800	(1,800)
Interest	0	45	(45)
Total Revenue	0	14,146	(14,146)
<u>Expenditures</u>			
Maintenance & Operations	0	6,683	(6,683)
Total Expenditures	0	6,683	(6,683)
<u>Revenue Over (Under) Expenditures</u>	0	7,463	(7,463)
<u>Fund Balance, June 30, 2020</u>	0	26,971	(26,971)
<u>Fund Balance, June 30, 2021</u>	<u>\$ 0</u>	<u>\$ 34,434</u>	<u>\$ (34,434)</u>

Please see accompanying notes to the financial statements.

Town of Fort Cobb, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2021

	<u>Capital Improvement</u>		
	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Interest	\$ 0	\$ 165	\$ (165)
Total Revenue	0	165	(165)
<u>Expenditures</u>			
Maintenance & Operations	0	0	0
Total Expenditures	0	0	0
<u>Revenue Over (Under) Expenditures</u>	0	165	(165)
Transfer (to)/from other accounts	0	27,296	(27,296)
<u>Fund Balance, June 30, 2020</u>	0	82,597	(82,597)
<u>Fund Balance, June 30, 2021</u>	<u>\$ 0</u>	<u>\$ 110,058</u>	<u>\$ (110,058)</u>

Please see accompanying notes to the financial statements.

Town of Fort Cobb, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2021

	REAP Grants		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Grants	\$ 0	\$ 45,000	\$ (45,000)
Total Revenue	0	45,000	(45,000)
<u>Expenditures</u>			
Capital Outlay	0	73,033	(73,033)
Total Expenditures	0	73,033	(73,033)
<u>Revenue Over (Under) Expenditures</u>	0	(28,033)	28,033
Transfer (to)/from other accounts	0	28,033	(28,033)
<u>Fund Balance, June 30, 2020</u>	0	0	0
<u>Fund Balance, June 30, 2021</u>	\$ 0	\$ 0	\$ 0

Please see accompanying notes to the financial statements.

Town of Fort Cobb, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2021

	<u>Air EVAC</u>		
	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Revenue	\$ 0	\$ 1,320	\$ (1,320)
Total Revenue	0	1,320	(1,320)
<u>Expenditures</u>			
Maintenance & Operations	0	1,395	(1,395)
Total Expenditures	0	1,395	(1,395)
<u>Revenue Over (Under) Expenditures</u>	0	(75)	75
Transfer (to)/from other accounts	0	0	0
<u>Fund Balance, June 30, 2020</u>	0	0	0
<u>Fund Balance, June 30, 2021</u>	<u>\$ 0</u>	<u>\$ (75)</u>	<u>\$ 75</u>

Please see accompanying notes to the financial statements.