

**INDEPENDENT ACCOUNTANT'S
AUDIT REPORT**

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

JUNE 30, 2022

BY



FURRH
& ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Town of Fort Cobb
Fort Cobb, Oklahoma
Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Town of Fort Cobb
Clinton, Oklahoma

Report on the Audit of the Financial Statements

Opinion

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, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Fort Cobb's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Fort Cobb, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Town of Fort Cobb and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about Town of Fort Cobb's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Town of Fort Cobb's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about Town of Fort Cobb's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 20 – 21 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Fort Cobb's basic financial statements. The accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 combining 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 October 28, 2022, on our consideration of the Town of Fort Cobb'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 of Fort Cobb's internal control over financial reporting and compliance.

Furrh & Associates, PC

FURRH & ASSOCIATES, PC

Lawton, Oklahoma

October 28, 2022

Town of Fort Cobb, OK

Statement of Net Position

(Modified Cash Basis)

June 30, 2022

	Primary Government		
	Governmental Activities	Business Type Activities	Total
<u>Assets</u>			
Cash and Cash Equivalents	\$ 646,211	\$ 188,627	\$ 834,838
Capital Assets	745,696	340,735	1,086,431
Accumulated Depreciation	<u>(587,181)</u>	<u>(231,956)</u>	<u>(819,137)</u>
Total Assets	<u>\$ 804,726</u>	<u>\$ 297,406</u>	<u>\$ 1,102,132</u>
<u>Liabilities</u>			
Meter Deposits	<u>\$ 0</u>	<u>\$ 28,599</u>	<u>\$ 28,599</u>
Total Liabilities	0	28,599	28,599
<u>Net assets</u>			
Invested in Capital, Net of Related Debt	158,515	108,779	267,294
Restricted	0	0	0
Unrestricted	<u>646,211</u>	<u>160,028</u>	<u>806,239</u>
Total Net Assets	<u>804,726</u>	<u>268,807</u>	<u>1,073,533</u>
Total Liabilities & Net Assets	<u>\$ 804,726</u>	<u>\$ 297,406</u>	<u>\$ 1,102,132</u>

Please see accompanying notes to the financial statements.

Town of Fort Cobb, OK

Statement of Activities

(Modified Cash Basis)

Year Ended June 30, 2022

<u>Functions/Programs</u>	Program Revenue				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Enterprise Activities	Total
<u>Primary Government</u>							
Governmental Activities							
General Government	\$ 188,193	\$ 6,932	\$ 0	\$ 88,183	\$ (93,078)	\$ 0	\$ (93,078)
Street and Alley	140,676	0	0	0	(140,676)	0	(140,676)
Public Safety - Fire	66,890	729	4,763	0	(61,398)	0	(61,398)
Public Safety - Police	31,094	0	0	0	(31,094)	0	(31,094)
Community - Community Building	4,386	0	0	0	(4,386)	0	(4,386)
Total Governmental Activities	431,239	7,661	4,763	88,183	(330,632)	0	(330,632)
Enterprise Activities							
Public Works Authority	111,571	304,316	0	0	0	192,745	192,745
Total Enterprise Activities	111,571	304,316	0	0			
Total Primary Government	\$ 542,810	\$ 311,977	\$ 4,763	\$ 88,183	(330,632)	192,745	(137,887)
<u>General Revenue</u>							
Taxes:							
Sales Tax					170,649	0	170,649
Use Tax					48,556	0	48,556
Franchise Tax					20,468	0	20,468
Alcoholic Beverage Tax					9,633	0	9,633
Motor Vehicle Tax					5,243	0	5,243
Cigarette Tax					1,383	0	1,383
Miscellaneous Revenue					39,111	0	39,111
Interest Revenue (Expense)					1,033	74	1,107
Total General Revenue					296,076	74	296,150
Transfers in / (out)					31,256	(31,256)	0
<u>Change in Net Assets</u>					(3,300)	161,563	158,263
<u>Net Assets, June 30, 2021</u>					808,026	107,244	915,270
<u>Net Assets, June 30, 2022</u>					\$ 804,726	\$ 268,807	\$ 1,073,533

Please see accompanying notes to the financial statements.

Town of Fort Cobb, OK
Governmental Funds
Balance Sheet
(Modified Cash Basis)
June 30, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>			
Cash and Cash Equivalents	\$ 386,868	\$ 222,689	\$ 609,557
OMAG Escrow	36,654	0	36,654
Due from Other Funds	11,916	0	11,916
	\$ 435,438	\$ 222,689	\$ 658,127
<u>Liabilities and Fund Balances</u>			
Due to Other Funds	\$ 0	\$ 11,916	\$ 11,916
	0	11,916	11,916
Fund Balances			
Unrestricted	435,438	210,773	646,211
	\$ 435,438	\$ 222,689	

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 \$745,696 Net of Accumulated Depreciation of \$587,181 are not financial resources and, therefore, are not reported in the funds.

158,515

Net Assets of Governmental Activities

\$ 804,726

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, 2022

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenue</u>			
Tax Revenue	\$ 250,689	\$ 5,243	\$ 255,932
Grants	88,183	4,763	92,946
Miscellaneous	29,446	2,190	31,636
Donations	0	7,475	7,475
Cemetery Income	0	6,660	6,660
Interest	695	338	1,033
Fire Runs	0	729	729
Fines	180	92	272
Total Revenue	369,193	27,490	396,683
<u>Expenditures</u>			
General Government:			
General Government	166,415	11,498	177,913
Public Safety:			
Police	29,652	1,142	30,794
Fire	43,060	11,228	54,288
Street and Public Works:			
Streets	133,066	6,178	139,244
Community:			
Community Building	3,986	0	3,986
Total Expenditures	376,179	30,046	406,225
<u>Revenue Over (Under) Expenditures</u>	(6,986)	(2,556)	(9,542)
<u>Other Financing Sources (Uses)</u>			
Transfers In/(Out)	5,800	25,456	31,256
Total Other Financing Sources (Uses)	5,800	25,456	31,256
<u>Net Changes in Fund Balance</u>	(1,186)	22,900	21,714
<u>Fund Balance, June 30, 2021</u>	436,624	187,873	624,497
<u>Fund Balance, June 30, 2022</u>	\$ 435,438	\$ 210,773	\$ 646,211

Please see accompanying notes to financial statements.

Town of Fort Cobb, OK
Fort Cobb Public Works Authority
Enterprise Fund
Statement of Net Position
(Modified Cash Basis)
June 30, 2022

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 188,627	
Total Current Assets		\$ 188,627

Noncurrent Assets

Capital Assets	340,735	
Accumulated Depreciation	(231,956)	
Total Noncurrent Assets		108,779

Total Assets		\$ 297,406
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LIABILITIES

Current Liabilities

Due to Depositors	\$ 28,599	
Total Liabilities		\$ 28,599

NET ASSETS

Invested in Capital Assets, Net of Related Debt	108,779	
Restricted	0	
Unrestricted	160,028	
Total Net Assets		268,807

Total Net Assets and Liabilities		\$ 297,406
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Please see accompanying notes to the financial statements.

Town of Fort Cobb, OK
Fort Cobb Public Works Authority
Enterprise Fund
Statement of Revenue, Expense, and Changes in Net Position
(Modified Cash Basis)
Year Ended June 30, 2022

Operating Revenue

Water Revenue	\$ 150,118	
Garbage Revenue	92,065	
Sewer Revenue	50,515	
Late Charges and Misc. Penalties	4,677	
Meter Deposits	4,615	
Miscellaneous Income	2,326	
Total Operating Revenue	\$ 304,316	

Operating Expense

Garbage Service Expense	63,885	
Depreciation	16,147	
Repairs & Maintenance	11,434	
Utilities	7,711	
Automobile Expense	4,156	
Meter Refunds	2,963	
Meter Expense	2,197	
Water Testing	1,234	
Miscellaneous	711	
Operating Supplies	515	
Clothing Allowance	370	
Travel	248	
Total Operating Expense	111,571	

Net Operating Income (Loss) 192,745

Nonoperating Revenue (Expense)

Interest Income	\$ 74
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Net Nonoperating Income (Loss) 74

Net Revenue (Loss) 192,819

Transfer (to)/from other accounts (31,256)

Total Net Assets, June 30, 2021 135,843

Total Net Assets, June 30, 2022 \$ 297,406

Please see accompanying notes to the financial statements.

Town of Fort Cobb, OK
Fort Cobb Public Works Authority
Enterprise Fund
Statement of Cash Flows
(Modified Cash Basis)
Year Ended June 30, 2022

Cash Flows from Operating Activities

Receipts from Customers	\$ 301,990
Miscellaneous Revenue	2,326
Operating Expenses	<u>(95,424)</u>
Net Cash Provided by Operating Activities	208,892

Cash Flows from Investing Activities

Purchase of Capital Assets	(69,205)
Sale of Capital Assets	500
Interest Income	<u>74</u>
Net Cash Provided by Investing Activities	<u>(68,631)</u>

Net Increase (Decrease) in Cash and Cash Equivalents 140,261

Cash and Cash Equivalents - June 30, 2021 48,366

Cash and Cash Equivalents - June 30, 2022 \$ 188,627

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income	\$ 192,745
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities	
Depreciation Expense	<u>16,147</u>
Net Cash Provided by Operating Activities	<u>\$ 208,892</u>

Please see accompanying notes to the financial statements.

Town of Fort Cobb, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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, 2022

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, 2022.

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, 2022, were as follows:

Town of Fort Cobb, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

	Fixed Assets	Accumulated Depreciation
Balance, July 1, 2021	\$ 978,226	\$ 779,976
Additions	110,205	41,161
Total	1,088,431	821,137
Disposals	2,000	2,000
 Balance, June 30, 2022	 \$ 1,086,431	 \$ 819,137

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%
FYE June 30, 2022	\$ 10,362	\$ 4,381

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, 2022

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 October 28, 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, 2022, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements, and have issued our report thereon dated October 28, 2022.

Report on 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 2022-1 and 2022-3.

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 2022-2 and 2022-4.

Report on 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 & **A**SSOCIATES, PC

Lawton, Oklahoma

October 28, 2022

Town of Fort Cobb, OK
Schedule of Findings and Responses
Year Ended June 30, 2022

Reportable Conditions of Internal Control, Compliance and Other Matters

2022-1 Preparation of Fiscal Year Budget

Condition – The Town did not have a budget for the fiscal year ending June 30, 2022, as required.

Effect – The Town is not adhering to the Municipal Budget Act requirements.

Cause – The Town Clerk was unaware of the requirement to file a budget.

Criteria – Oklahoma Municipal Budget Act Section 17-206 requires that the Town “present a complete financial plan for the municipality and shall present information necessary and proper to disclose the financial position and condition of the municipality and the revenues and expenditures thereof, both past and anticipated.”

Recommendation – We recommend that a fiscal year budget be prepared in accordance with the Municipal Budget Act.

Management response – A budget was prepared for the upcoming fiscal year and will be done in accordance with the Municipal Budget Act going forward.

2022-2 Improper Accounting Treatment for Tax Revenue

Condition – The Town did not properly record the receipt of tax revenue.

Effect – This led to the inability to properly balance the accounting records.

Cause – Due to a lack of oversight, accounting records were adjusted without proper records to substantiate adjustments.

Criteria – Fiscal responsibilities require proper recording of all revenues.

Recommendation – We recommend that all revenues be properly reported.

Management response – We have made efforts to code all revenues to the correct account and will be analyzing monthly financials to catch any mistakes made.

Town of Fort Cobb, OK
Schedule of Findings and Responses
Year Ended June 30, 2022

2022-3 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 – Payroll records are now being kept accurately and payroll taxes are paid immediately after payroll is run. Payroll taxes are paid in a timely manner.

2022-4 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 – In July of 2022, the Town Board of Trustees changed Ordinance, Article 8 Chapter 16 section 16-12 to establish when water payments are due and when accounts are subject to disconnections. We began enforcing those disconnections in August of 2022.

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, 2022

	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
City Sales Tax	\$ 0	\$ 170,649	\$ (170,649)
CARES Act Reimbursement	0	53,183	(53,183)
City Use Tax	0	48,556	(48,556)
Reimbursement from County	0	35,000	(35,000)
Sale of Property	0	23,500	(23,500)
Franchise Tax	0	20,468	(20,468)
Alcohol Beverage Tax	0	9,633	(9,633)
Miscellaneous Revenue	0	5,363	(5,363)
Cigarette Tax	0	1,383	(1,383)
Interest	0	695	(695)
License Revenue	0	282	(282)
Rental Revenue	0	225	(225)
Fines & Forfeitures	0	180	(180)
Penalty	0	76	(76)
	<hr/>	<hr/>	<hr/>
Total Revenue	0	369,193	(369,193)
<u>Expenditures</u>			
<u>General Government</u>			
Personal Services	0	115,910	(115,910)
Maintenance and Operations	0	50,505	(50,505)
	<hr/>	<hr/>	<hr/>
Total General Government	0	166,415	(166,415)
<u>Police Department</u>			
Personal Services	0	22,985	(22,985)
Maintenance and Operations	0	6,667	(6,667)
	<hr/>	<hr/>	<hr/>
Total Police Department	0	29,652	(29,652)

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, 2022

	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Fire Department</u>			
Maintenance and Operations	0	2,060	(2,060)
Capital Outlay	0	41,000	(41,000)
Total Fire Department	0	43,060	(43,060)
<u>Street & Alley</u>			
Personal Services	0	117,459	(117,459)
Maintenance and Operations	0	15,607	(15,607)
Total Street & Alley	0	133,066	(133,066)
<u>Community Building</u>			
Maintenance and Operations	0	3,986	(3,986)
Total Community Building	0	3,986	(3,986)
Total Expenditures	0	376,179	(376,179)
<u>Revenue Over (Under) Expenditures</u>	0	(6,986)	6,986
<u>Other Financing Sources (Uses)</u>			
Transfer In	0	6,000	(6,000)
Transfer Out	0	(200)	200
Total Other Financing Sources (Uses)	0	5,800	(5,800)
<u>Revenue and Other Financing Sources Over (Under) Expenditures & Other Uses</u>	0	(1,186)	1,186
<u>Fund Balance, June 30, 2021</u>	0	436,624	(436,624)
<u>Fund Balance, June 30, 2022</u>	\$ 0	\$ 435,438	\$ (435,438)

Please see accompanying notes to the financial statements.

Town of Fort Cobb, OK
Notes to Required Supplemental Information
Year Ended June 30, 2022

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, 2022.

Town of Fort Cobb, OK
Nonmajor Governmental Funds
Balance Sheet
(Modified Cash Basis)
June 30, 2022

	<u>Street & Alley</u>	<u>Municipal Court</u>	<u>Cemetery M&O</u>	<u>Cemetery Improvement</u>	<u>Police</u>	<u>Fire</u>	<u>Capital Improvement</u>	<u>FC Reserves</u>	<u>Air EVAC</u>	<u>Total Non- Major Govt Funds</u>
<u>Assets</u>										
Cash in Bank	\$ 11,238	\$ 10,010	\$ 5,978	\$ 25,198	\$ (392)	\$ 28,428	\$ 130,519	\$ 10,001	\$ 1,709	\$ 222,689
Total Assets	<u>\$ 11,238</u>	<u>\$ 10,010</u>	<u>\$ 5,978</u>	<u>\$ 25,198</u>	<u>\$ (392)</u>	<u>\$ 28,428</u>	<u>\$ 130,519</u>	<u>\$ 10,001</u>	<u>\$ 1,709</u>	<u>\$ 222,689</u>
<u>Liabilities</u>										
Due to Other Funds	\$ 0	\$ 9,940	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,976	\$ 11,916
Total Liabilities	0	9,940	0	0	0	0	0	0	1,976	11,916
<u>Fund Equity</u>										
Fund Balance:										
Unrestricted	11,238	70	5,978	25,198	(392)	28,428	130,519	10,001	(267)	210,773
Liabilities & Equity	<u>\$ 11,238</u>	<u>\$ 10,010</u>	<u>\$ 5,978</u>	<u>\$ 25,198</u>	<u>\$ (392)</u>	<u>\$ 28,428</u>	<u>\$ 130,519</u>	<u>\$ 10,001</u>	<u>\$ 1,709</u>	<u>\$ 222,689</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)
Year Ended June 30, 2022

	<u>Street & Alley</u>	<u>Municipal Court</u>	<u>Cemetery M&O</u>	<u>Cemetery Improvement</u>	<u>Police</u>	<u>Fire</u>	<u>Capital Improvement</u>	<u>FC Reserves</u>	<u>Air EVAC</u>	<u>Total Non- Major Govt Funds</u>
<u>Revenue</u>										
Donations	\$ 0	\$ 0	\$ 1,790	\$ 0	\$ 0	\$ 5,685	\$ 0	\$ 0	\$ 0	\$ 7,475
Cemetery Income	0	0	6,660	0	0	0	0	0	0	6,660
Tax Revenue	5,243	0	0	0	0	0	0	0	0	5,243
Grants	0	0	0	0	0	4,763	0	0	0	4,763
Miscellaneous	0	0	0	525	0	0	0	0	1,315	1,840
Fire Runs	0	0	0	0	0	729	0	0	0	729
Interest	30	0	8	49	0	45	205	1	0	338
Pound Income	0	0	0	0	350	0	0	0	0	350
Fines	0	92	0	0	0	0	0	0	0	92
Total Revenue	5,273	92	8,458	574	350	11,222	205	1	1,315	27,490
<u>Expenditures</u>										
Maintenance & Operations	6,178	22	9,969	0	1,142	11,228	0	0	1,507	30,046
Total Expenditures	6,178	22	9,969	0	1,142	11,228	0	0	1,507	30,046
<u>Revenue Over (Under) Expenditures</u>	(905)	70	(1,511)	574	(792)	(6)	205	1	(192)	(2,556)
Transfer (to)/from other accounts	0	0	1,200	0	0	(6,000)	20,256	10,000	0	25,456
<u>Fund Balance, June 30, 2021</u>	12,143	0	6,289	24,624	400	34,434	110,058	0	(75)	187,873
<u>Fund Balance, June 30, 2022</u>	\$ 11,238	\$ 70	\$ 5,978	\$ 25,198	\$ (392)	\$ 28,428	\$ 130,519	\$ 10,001	\$ (267)	\$ 210,773

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, 2022

	Street & Alley Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Motor Vehicle Tax	\$ 0	\$ 4,287	\$ (4,287)
Gas Excise Tax	0	956	(956)
Interest Revenue	0	30	(30)
Total Revenue	0	5,273	(5,273)
<u>Expenditures</u>			
Maintenance & Operations	0	6,178	(6,178)
Total Expenditures	0	6,178	(6,178)
<u>Revenue Over (Under) Expenditures</u>	0	(905)	905
<u>Fund Balance, June 30, 2020</u>	0	12,143	(12,143)
<u>Fund Balance, June 30, 2021</u>	\$ 0	\$ 11,238	\$ (11,238)

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, 2022

	Municipal Court Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Police Fines	\$ 0	\$ 92	\$ (92)
Total Revenue	0	92	(92)
<u>Expenditures</u>			
Maintenance & Operations	0	22	(22)
Total Expenditures	0	22	(22)
<u>Revenue Over (Under) Expenditures</u>	0	70	(70)
Transfer (to)/from other accounts	0	0	0
<u>Fund Balance, June 30, 2021</u>	0	0	0
<u>Fund Balance, June 30, 2022</u>	\$ 0	\$ 70	\$ (70)

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, 2022

	Cemetery M&O Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Lot Sales	\$ 0	\$ 5,600	\$ (5,600)
Donations	0	1,790	(1,790)
Staking Fees	0	1,060	(1,060)
Interest	0	8	(8)
	0	8,458	(8,458)
<u>Expenditures</u>			
Maintenance & Operations	0	9,969	(9,969)
	0	9,969	(9,969)
<u>Revenue Over (Under) Expenditures</u>	0	(1,511)	1,511
Transfer (to)/from other accounts	0	1,200	(1,200)
<u>Fund Balance, June 30, 2021</u>	0	6,289	(6,289)
<u>Fund Balance, June 30, 2022</u>	\$ 0	\$ 5,978	\$ (5,978)

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, 2022

	Cemetery Improvement		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Revenue	\$ 0	\$ 525	\$ (525)
Interest	0	49	(49)
Total Revenue	0	574	(574)
<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	574	(574)
<u>Fund Balance, June 30, 2021</u>	0	24,624	(24,624)
<u>Fund Balance, June 30, 2022</u>	<u>\$ 0</u>	<u>\$ 25,198</u>	<u>\$ (25,198)</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, 2022

	Police Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Dog Pound Fee	\$ 0	\$ 350	\$ (350)
Total Revenue	0	350	(350)
<u>Expenditures</u>			
Maintenance & Operations	0	1,142	(1,142)
Total Expenditures	0	1,142	(1,142)
<u>Revenue Over (Under) Expenditures</u>	0	(792)	792
<u>Fund Balance, June 30, 2021</u>	0	400	(400)
<u>Fund Balance, June 30, 2022</u>	\$ 0	\$ (392)	\$ 392

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, 2022

	Fire Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Donations	\$ 0	\$ 5,685	\$ (5,685)
Grants	0	4,763	(4,763)
Fire Runs	0	729	(729)
Interest	0	45	(45)
Total Revenue	0	11,222	(11,222)
<u>Expenditures</u>			
Maintenance & Operations	0	11,228	(11,228)
Total Expenditures	0	11,228	(11,228)
<u>Revenue Over (Under) Expenditures</u>	0	(6)	6
Transfer (to)/from other accounts	0	(6,000)	6,000
<u>Fund Balance, June 30, 2021</u>	0	34,434	(34,434)
<u>Fund Balance, June 30, 2022</u>	\$ 0	\$ 28,428	\$ (28,428)

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, 2022

	Capital Improvement		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Interest	\$ 0	\$ 205	\$ (205)
Total Revenue	0	205	(205)
<u>Expenditures</u>			
Maintenance & Operations	0	0	0
Total Expenditures	0	0	0
<u>Revenue Over (Under) Expenditures</u>	0	205	(205)
Transfer (to)/from other accounts	0	20,256	(20,256)
<u>Fund Balance, June 30, 2021</u>	0	110,058	(110,058)
<u>Fund Balance, June 30, 2022</u>	\$ 0	\$ 130,519	\$ (130,519)

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, 2022

	FC Reserves		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Interest Revenue	\$ 0	\$ 1	\$ (1)
Total Revenue	0	1	(1)
<u>Expenditures</u>			
Capital Outlay	0	0	0
Total Expenditures	0	0	0
<u>Revenue Over (Under) Expenditures</u>	0	1	(1)
Transfer (to)/from other accounts	0	10,000	(10,000)
<u>Fund Balance, June 30, 2021</u>	0	0	0
<u>Fund Balance, June 30, 2022</u>	\$ 0	\$ 10,001	\$ (10,001)

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, 2022

	<u>Air EVAC</u>		
	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Revenue	\$ 0	\$ 1,315	\$ (1,315)
Total Revenue	0	1,315	(1,315)
<u>Expenditures</u>			
Maintenance & Operations	0	1,507	(1,507)
Total Expenditures	0	1,507	(1,507)
<u>Revenue Over (Under) Expenditures</u>	0	(192)	192
Transfer (to)/from other accounts	0	0	0
<u>Fund Balance, June 30, 2021</u>	0	(75)	75
<u>Fund Balance, June 30, 2022</u>	<u>\$ 0</u>	<u>\$ (267)</u>	<u>\$ 267</u>

Please see accompanying notes to the financial statements.

Town of Fort Cobb, Oklahoma
Schedule of Grant Activity
Modified Cash Basis
For the Year Ended June 30, 2022
(Unaudited)

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Award Amount</u>	<u>Received Amount</u>	<u>Contract Expenditures</u>
FEDERAL AWARDS			
<u>US Department of Treasury</u>			
American Rescue Plan Act - Tranche 1 Federal AL Number: 21.027	\$ 53,183	\$ 53,183	\$ 0
<u>US Department of Agriculture</u>			
Rural Economic for America Program	45,000	0	0
Total Federal Awards	<u>\$ 98,183</u>	<u>\$ 53,183</u>	<u>\$ 0</u>
STATE AWARDS			
<u>Oklahoma Department of Agriculture</u>			
Forestry Services - Rural Fire Grant	\$ 4,763	\$ 4,763	\$ 4,763
Total State Awards	<u>\$ 4,763</u>	<u>\$ 4,763</u>	<u>\$ 4,763</u>

Please see accompanying Accountant's Report.