
THE TOWN OF SLAUGHTERVILLE

FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT 1

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT OF NET POSITION - MODIFIED CASH BASIS 3

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS 4

FUND FINANCIAL STATEMENTS

BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS 5

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS 6

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE BASIC FINANCIAL STATEMENTS 7

SUPPLEMENTAL INFORMATION

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 13

SCHEDULE OF FINDINGS AND RESPONSES 15

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND 16

BUDGETARY COMPARISON SCHEDULE – STREET & ALLEY FUND 17

SCHEDULE OF FEDERAL AWARDS 18

SCHEDULE OF STATE AWARDS 18

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Town of Slaughterville, Oklahoma

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of the Town of Slaughterville, Oklahoma as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Slaughterville, Oklahoma's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of the Town of Slaughterville, Oklahoma as of June 30, 2022, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1C.

Basis for Opinions

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 the Town of Slaughterville, Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter—Basis of Accounting

We draw attention to Note 1C 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1C, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 the Town of Slaughterville, Oklahoma's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Slaughterville, Oklahoma's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2022, on our consideration of the Town of Slaughterville, Oklahoma'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 solely 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 the effectiveness of the Town of Slaughterville, Oklahoma's 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 Town of Slaughterville, Oklahoma's internal control over financial reporting and compliance.

 , C.P.A., Inc.
Becky Fleming, C.P.A., Inc.
October 13, 2022

THE TOWN OF SLAUGHTERVILLE
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2022

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and demand deposits	790,188
Escrow deposits	19,901
Certificates of deposit	<u>1,272,901</u>
Total current assets	2,082,990
Capital Assets	
Depreciable capital assets	2,694,213
Accumulated depreciation	<u>(989,749)</u>
Net depreciable capital assets	1,704,464
Land	<u>367,554</u>
Net capital assets	<u>2,072,018</u>
TOTAL ASSETS	<u>4,155,008</u>
LIABILITIES	
Current Liabilities	
Grants payable	72,004
Other escrow liabilities	<u>1,500</u>
TOTAL LIABILITIES	<u>73,504</u>
NET POSITION	
Net investment in capital assets	2,072,018
Restricted for streets	570,853
Unrestricted	<u>1,438,633</u>
TOTAL NET POSITON	<u><u>\$4,081,504</u></u>

The accompanying notes are an integral part of these financial statements

**THE TOWN OF SLAUGHTERVILLE
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	(446,680)	29,295	303,155	0	(114,230)
Park department	(30,474)	3,550	0	0	(26,924)
Fire department	(159,811)	600	77,935	4,000	(77,276)
Street department	(542)	0	40,865	0	40,323
Total governmental activities	(637,507)	33,445	421,955	4,000	(178,107)
General revenues:					
Taxes:					
Sales and use taxes					447,086
Franchise and public service taxes					124,854
Shared taxes					20,449
Sales of capital assets					25,627
Other general revenues					13,849
Investment income					15,563
Total general revenues					647,428
Change in net assets					469,321
Beginning net position					3,612,183
Prior period adjustment					
Ending net position					\$4,081,504

The accompanying notes are an integral part of these financial statements

**THE TOWN OF SLAUGHTERVILLE
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General Fund	Street & Alley Fund	Total Governmental Funds
ASSETS			
Cash and demand deposits	729,923	60,265	790,188
Escrow deposits	19,901	0	19,901
Certificates of deposit	761,833	511,068	1,272,901
Due from other funds	480	0	480
TOTAL ASSETS	1,512,137	571,333	2,083,470
LIABILITIES			
Due to other funds	0	480	480
Grants payable	72,004	0	72,004
Other escrow liabilities	1,500	0	1,500
TOTAL LIABILITIES	73,504	480	73,984
FUND BALANCE			
Restricted:			
Streets	0	570,853	570,853
Unrestricted:			
Unassigned	1,438,633	0	1,438,633
TOTAL FUND BALANCE	1,438,633	570,853	2,009,486
TOTAL LIABILITIES AND FUND BALANCE	\$1,512,137	\$571,333	\$2,083,470

Reconciliation of fund balances to net assets of governmental activities:

Fund balance	1,438,633	570,853	2,009,486
Land	367,554	0	367,554
Depreciable capital assets	2,662,513	31,700	2,694,213
Accumulated depreciation	(961,227)	(28,522)	(989,749)
Net Assets	\$3,507,473	\$574,031	\$4,081,504

The accompanying notes are an integral part of these financial statements

**THE TOWN OF SLAUGHTERVILLE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Street & Alley Fund	Total
REVENUES			
Tax revenues	571,940	0	571,940
Shared taxes	20,449	40,865	61,314
Licenses and permits	29,295	0	29,295
Rents	3,550	0	3,550
Other income	64,829	0	64,829
Donations and private grants	4,180	0	4,180
Government grants	380,911	0	380,911
Interest	11,453	4,110	15,563
TOTAL REVENUES	1,086,607	44,975	1,131,582
EXPENDITURES			
General government	409,246	0	409,246
Park department	19,777	0	19,777
Fire department	93,364	0	93,364
Street department	0	315	315
Capital outlay	99,571	0	99,571
TOTAL EXPENDITURES	621,958	315	622,273
REVENUES OVER (UNDER) EXPENDITURES	464,649	44,660	509,309
BEGINNING FUND BALANCE	973,984	526,193	1,500,177
ENDING FUND BALANCE	\$1,438,633	\$570,853	\$2,009,486

Reconciliation of the change in fund balances to the change in net assets of governmental activities:

Net change in fund balances	464,649	44,660	509,309
Depreciation expense	(109,531)	(226)	(109,757)
Insurance payments for capital assets	(50,385)	0	(50,385)
Net gain on disposal of fixed assets	20,581	0	20,581
Purchase of fixed assets	99,571	0	99,571
Change in Net Assets	\$424,885	\$44,434	\$469,319

The accompanying notes are an integral part of these financial statements

**The Town of Slaughterville
Notes to the Financial Statements
As of and for the Year Ended June 30, 2022**

1. Summary of Significant Accounting Policies

1A. Introduction

The Town's financial statements are prepared using the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles (GAAP) in the United States of America. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP in substance but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting. Generally, that means that only items arising from cash transactions are recorded. Accounts receivable and accounts payable, for instance, are not recorded.

1B. Financial Reporting Entity

The Town of Slaughterville was incorporated November 25, 1970 and operates under the Statutory Town Board of Trustees form of government. The Town provides the following services: fire protection, planning and zoning, and general administration.

1C. Basis of Presentation

1C1. Fund Accounting

The Town maintains two governmental funds to account for its financial activities – the general fund and the street and alley fund. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts which are segregated to accounting for a specific activity or attaining certain objectives in accordance with special regulations, restrictions or limitations.

1C2. Basis of Accounting and Measurement Focus

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Measurement focus is a term used to describe which transactions are recorded. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as needed. When both assigned and unassigned resources are available for use, it is the government's policy to use assigned resources first, and then unassigned resources as needed. Program revenues in the government-wide statements include charges paid by the recipients of the goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues.

1C2a. Modified Cash Basis of Accounting

The modified cash basis of accounting is a comprehensive basis of accounting other than GAAP and is a modification of the pure cash basis of accounting. Professional standards define the cash basis of accounting as *a basis of accounting an entity uses to record cash receipts and disbursements, and*

The Town of Slaughterville
Notes to the Financial Statements
As of and for the Year Ended June 30, 2022

modifications of the cash basis having substantial support (for example, recording depreciation on fixed assets.) Although the modified cash basis of accounting is not separately defined by professional standards, the modifications to the cash basis have evolved over time through common practice, and generally result when cash receipts or disbursements provide a benefit or obligation covering multiple reporting periods, and the reporting of the cash transaction would be more meaningful to financial statement users if spread over those multiple periods.

For modifications to be considered to have substantial support, they should:

1. be made as a result of cash receipts or disbursements;
2. have substantial support in GAAP or other accounting literature; and
3. be logical.

1C3. Government-wide Financial Statements

The government-wide financial statements are highly aggregated financial statements that present financial information for all assets, liabilities, and net assets using the economic resources measurement focus within the limitations of the modified cash basis of accounting. This means that revenues are recorded when received and expenses are recorded when paid. The government-wide financial statements required are the statement of net assets and the statement of activities. These financial statements are designed to help users assess the finances of a government in its entirety, including the year's operating results; determine whether the government's overall financial position improved or deteriorated; and evaluate whether the government's current-year revenues were sufficient to pay for current year services. They are also designed to help users assess the cost of providing services to its citizenry; determine how the government finances its programs; understand the extent to which the government has invested in capital assets; and make better comparisons between governments.

1C4. Governmental Fund Financial Statements

The governmental fund financial statements focus primarily on the sources, uses, and balances of current financial resources. They are presented using the current financial resources measurement focus and the modified cash basis of accounting. Revenues are recognized when they are received, and expenditures are recorded when paid. The financial statements required for governmental funds are the balance sheet and the statement of revenues, expenditures, and changes in fund balance. The governmental fund balance sheet does not present capital assets or long-term liabilities. Instead, the statement of revenues, expenditures and changes in fund balance reports the financial resource inflows and outflows arising from the disposition and acquisition of capital assets, the issuance and repayment of long-term debt, and maturation of non-debt long-term liabilities. Capital assets and long-term liabilities associated with and generally arising from activities reported in governmental funds are reported only in the government-wide financial statements.

1D. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at cost. Infrastructure assets such as streets that were constructed prior to the adoption of GASB 34 are not required to be reported and are not reported. In the fund financial statements, capital assets are expensed as capital outlay. In the government-wide financial statements, capital assets are capitalized

The Town of Slaughterville
Notes to the Financial Statements
As of and for the Year Ended June 30, 2022

and depreciation on all capital assets is recorded using the straight-line basis over the following estimated useful lives: buildings – 40 years; vehicles and equipment - 5 to 30 years.

1E. Equity Classifications

In the government-wide statements, equity is classified as net position and reported in three components as follows:

1. Net investment in capital assets – Capital assets, net of accumulated depreciation, are reduced by the outstanding balances of any debt attributable to their acquisition, construction, or improvement.
2. Restricted – Net assets that have had constraints placed upon them either by external sources such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation; and
3. Unrestricted – All other net assets that do not meet the definition of the previous two classifications.

In the fund financial statements, governmental fund equity is classified as fund balance and reported as needed in five components as follows:

1. Nonspendable – amounts not in a spendable form, or legally or contractually required to be maintained intact.
2. Restricted – constraints placed on fund balance are externally imposed by creditors, grantors, or other governments; or are imposed by law through constitutional provisions or enabling legislation.
3. Committed – amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the individual government's highest level of decision-making authority.
4. Assigned – constraints placed on fund balance are imposed by the government's intent that it be used for specific purposes but are neither restricted nor committed. An individual government must define and disclose how it expresses its intent for purposes of making assignments. For the Town, this intent is expressed by the use of purchase orders encumbering amounts for assigned purposes as approved by the board of trustees.
5. Unassigned – remaining fund balance in excess of all other classifications.

1F. Inter-fund Transactions

Interfund activity is reported either as loans or transfers. Loans are reported as inter-fund receivables and payables and are subject to elimination upon consolidation. All other inter-fund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

**The Town of Slaughterville
Notes to the Financial Statements
As of and for the Year Ended June 30, 2022**

2. Budgets and Budgetary Compliance

The board of trustees adopts a legally required annual operating budget each year for each fund. The same basis of accounting used for fund financial reporting is used for budgetary purposes. Budget amendments are approved by the board when required. Encumbrance accounting is not used, except as provided by the Town's internal control ordinance.

Title 11 prohibits authorized or actual expenditures from exceeding any fund balance for any fund of the budget as adopted or amended, or which exceeds the appropriation for any fund of the budget as adopted or amended; and it prohibits authorized or actual expenditures or encumbrances in excess of 90% of the appropriation of any fund until revenues of at least 90% of the appropriation have been collected. During the year just ended, the trustees approved 5 general fund budget amendments.

3. Deposits and Investments

The Town has not formally adopted deposit and investment policies that limit the government's allowable deposits or investments and address the specific types of risk to which the government is exposed. At year end, all deposits were fully insured.

The State of Oklahoma allows municipalities to invest in the following: direct obligations of the U.S. Government, its agencies or instrumentalities; collateralized or insured certificates of deposit; insured savings accounts or savings certificates; and county, municipal or school direct debt.

4. Workers' Compensation Plan

The Town participates in the Oklahoma Municipal Assurance Group (OMAG) Workers' Compensation Plan (the Plan). The Plan became effective October 1, 1984. The purpose of the Plan is to provide workers' compensation coverage through the State Insurance Fund to participating municipalities in the State of Oklahoma. In that capacity, the Plan is responsible for providing loss control services and certain fiscal activities including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to it during the Plan year. A plan year normally begins at 12:01 am July 1 in any year and ends at midnight June 30 of the following year. The Plan, or its designated agent, has a right to audit at all reasonable times such books and records of the participant as necessary to determine the monies owed for benefits provided to the municipality or its employees.

Plan participants have the responsibility to pay fees set by the Plan and to pay those fees from funds appropriated for that purpose according to the established payment schedule. In addition, participants are responsible for complying with all requirements of the Oklahoma Workers' Compensation Act. Participants have the right to the return of any Loss Funds set aside for claims which have not been paid out as benefits. Losses are limited to amounts set aside by the plan. Town funds on deposit with OMAG at year end were \$19,901.

5. Risk Management

The Town is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town manages this risk through the purchase of commercial insurance policies. Risk management activities are accounted for

**The Town of Slaughterville
Notes to the Financial Statements
As of and for the Year Ended June 30, 2022**

by fund, and claims are recognized when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. There was one claim for a fire truck for \$50,385 for the year just ended.

6. Capital Assets

Capital asset activity for the year ended June 30, 2022, is summarized as follows:

	Capital Assets			Accumulated Depreciation			Ending Balance	Net Capital Assets	
	Beginning Balance	Additions	Deletions	Ending Balance	Beginning Balance	Additions			Deletions
Governmental activities									
Land	367,554	0	0	367,554	0	0	0	367,554	
Depreciable assets									
Buildings and equipment	1,025,340	36,015	(11,697)	1,049,658	(254,041)	(27,637)	6,650	(275,028)	774,630
Vehicles and equipment	1,440,160	63,556	(32,469)	1,471,247	(633,835)	(76,566)	7,711	(702,690)	768,557
Infrastructure	173,308	0	0	173,308	(6,479)	(5,553)	0	(12,032)	161,276
Total depreciable assets	2,638,808	99,571	(44,166)	2,694,213	(894,355)	(109,756)	14,361	(989,750)	1,704,463
Total assets	3,006,362	99,571	(44,166)	3,061,767	(894,355)	(109,756)	14,361	(989,750)	2,072,017

Depreciation was charged to activities as follows:

General government	32,388
Park department	10,697
Fire department	66,446
Street & alley fund	226
	<u>\$109,756</u>

7. Pension Plans

Defined Benefit Pension Plan

Plan Description. The Town contributes to the Oklahoma Firefighters Pension and Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan administered by a 13-member board which acts as fiduciary for investment of funds and the application of plan interpretations. The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The System is a component unit of the State of Oklahoma and is authorized under Title 11, Oklahoma Statutes 1981, sections 48-101 et. seq. The System issues a publicly available financial report that includes financial statements and required supplementary information for the plan and may be obtained from their offices at 6601 Broadway Extension, Suite 100, Oklahoma City, OK 73116, or by calling 1-800-525-7461.

Funding Policy. The Town is required to contribute \$60 per volunteer per year. Volunteers are not required to contribute. The contribution requirements of the System are an established rate determined by Oklahoma Statute and are not based on actuarial calculations. The Town's contributions to the System for the years ending June 30, 2022, 2020, and 2019 were \$840, \$1,380, and \$960 respectively, equal to the required contribution for each year.

**The Town of Slaughterville
Notes to the Financial Statements
As of and for the Year Ended June 30, 2022**

**The Town of Slaughterville
Notes to the Financial Statements
As of and for the Year Ended June 30, 2022**

Defined Contribution Pension Plan

Town employees participate in the Oklahoma Municipal Retirement Fund (Fund), administered by Bank One of Oklahoma City. Title 11, Oklahoma Statutes 1981, sections 48-101 et. seq. assigns the authority to establish and amend the benefit provisions of the plans that participate in the Fund to the respective employer entities. All full-time employees of the Town are eligible to participate in the Fund and are fully vested after 10 years. Covered employees contribute 5% of gross salary, which is matched by the Town. Employee contributions over 5% are voluntary and not matched. The payroll for Town employees for the year was \$238,051. The payroll for Town employees covered by the Fund for the year was \$214,367. Actual Town and employee contributions for the year were \$10,718 and \$15,070, equal to the required contributions for the year.

8. Subsequent Events

Management performed an evaluation of the Town's activity through October 13, 2022, the date the audit report was available to be issued and has concluded that there are no significant subsequent events requiring disclosure through that date.

**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**

The Board of Trustees
The Town of Slaughterville, 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 modified cash basis financial statements of the governmental activities and governmental funds of the Town of Slaughterville, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Slaughterville's basic financial statements, and have issued our report thereon dated October 13, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Slaughterville's internal control over financial reporting (internal control) as a basis for designing 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 of Slaughterville's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Slaughterville'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.

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 did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies, listed as finding 2022-1.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Town of Slaughterville are free of 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 financial statements. 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.

The Town's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

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.

 C.P.A., Inc.

Becky Fleming, C.P.A., Inc.
October 13, 2022

Schedule of Findings and Responses

2022-1

(This is a repeat finding)

Criteria: Segregation of duties or other compensating procedures to provide oversight and review between those maintaining the general ledger, performing reconciliations, and collecting payments should be established to make deliberate fraud more difficult to enact and make it more likely that innocent errors will be found and corrected.

Condition: The same employees maintain the general ledger, perform reconciliations, and collect payments with no compensating procedures to provide for oversight or review of those transactions.

Cause: There is not sufficient segregation of duties between those maintaining the general ledger, performing reconciliations, and collecting payments, and no compensating procedures to provide for oversight or review of those transactions.

Effect: Because there is not sufficient segregation of duties between those maintaining the general ledger, performing reconciliations, and collecting payments, and no compensating procedures to provide for oversight or review of those transactions, posting or other errors, including deliberate fraud, could occur and not be found and corrected on a timely basis.

Recommendation: We recommend that procedures be established to provide segregation of duties between those maintaining the general ledger, performing reconciliations, and collecting payments, or, where that is not possible, establish other compensating procedures to provide for oversight or review of those transactions.

Response: Since we are a small town, we will never be able to have sufficient segregation of duties. However, we are working on allocating office tasks to various personnel in order to develop better oversight procedures for our accounting records.

**THE TOWN OF SLAUGHTERVILLE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Budget	Budget Basis Actual	Variance Favorable (Unfavorable)
REVENUES				
Tax revenues	498,500	498,500	571,940	73,440
Shared taxes	20,000	20,000	20,449	449
Licenses and permits	34,075	34,075	29,295	(4,780)
Rents	3,550	3,550	3,550	0
Other income	59,000	59,000	64,829	5,829
Donations and private grants	4,000	4,000	4,180	180
Government grants	87,300	87,300	380,911	293,611
Interest	19,800	19,800	11,453	(8,347)
TOTAL REVENUES	726,225	726,225	1,086,607	360,382
EXPENDITURES				
General government	376,036	458,436	409,246	49,190
Park department	25,860	25,860	19,777	6,083
Fire department	71,160	71,160	93,364	(22,204)
Capital outlay	240,000	240,000	99,571	140,429
TOTAL EXPENDITURES	713,056	795,456	621,958	173,498
REVENUES OVER (UNDER) EXPENDITURES	13,169	(69,231)	464,649	533,880
BEGINNING FUND BALANCE	973,984	973,984	973,984	0
ENDING FUND BALANCE	987,153	904,753	1,438,633	533,880

Notes to the budgetary comparison schedule:

1. The budget is prepared on the modified cash basis of accounting
2. The legal level of compliance is at the department level.

**THE TOWN OF SLAUGHTERVILLE
 BUDGETARY COMPARISON SCHEDULE
 STREET & ALLEY FUND
 FOR THE YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Budget	Budget Basis Actual	Variance Favorable (Unfavorable)
REVENUES				
Shared taxes	39,500	39,500	40,865	1,365
Interest	9,300	9,300	4,110	(5,190)
TOTAL REVENUES	48,800	48,800	44,975	(3,825)
EXPENDITURES				
Street & alley	28,151	28,151	315	27,836
Capital outlay	10,000	10,000	0	10,000
TOTAL EXPENDITURES	38,151	38,151	315	37,836
REVENUES OVER (UNDER) EXPENDITURES	20,649	20,649	44,660	24,011
BEGINNING FUND BALANCE	526,193	526,193	526,193	0
ENDING FUND BALANCE	546,842	546,842	570,853	24,011

Notes to the budgetary comparison schedule:

1. The budget is prepared on the modified cash basis of accounting
2. The legal level of compliance is at the department level.

**THE TOWN OF SLAUGHTERVILLE
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022
(Modified Cash Basis)**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	RECEIPTS
<i>U.S. Department of the Treasury</i>			
Oklahoma Municipal League	21.027		303,155
Coronavirus Local Fiscal Recovery Funds (SLFRF) for Non-Entitlement Units of Government			
TOTAL FEDERAL AWARDS			<u>\$303,155</u>

**THE TOWN OF SLAUGHTERVILLE
SCHEDULE OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022
(Modified Cash Basis)**

STATE GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE	GRANTOR'S NUMBER	RECEIPTS
<i>Oklahoma Department of Agriculture</i>		
N/A		
Rural fire operational grant		4,763
TOTAL STATE AWARDS		<u>\$4,763</u>