

AUDIT REPORT

TOWN OF CADDO, OKLAHOMA

JUNE 30, 2022



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TOWN OF CADDO, OKLAHOMA
JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Caddo, Oklahoma

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

I have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Town of Caddo, 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 Caddo's basic financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of the Town of Caddo 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 Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Town of Caddo and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Caddo's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 GAAS 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 GAAS, I

- 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 Caddo'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Caddo's ability to continue as a going concern for a reasonable period of time.

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I am 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 I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Information be presented to supplement the basic financial statements. Such information, although not 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. My opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 29, 2022, on my consideration of the Town of Caddo's internal control over financial reporting and my 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 my 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 Town of Caddo's internal control over financial reporting or

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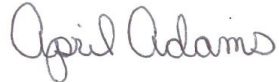
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on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Caddo's internal control over financial reporting and compliance.



April Adams CPA PLLC
Ponca City, Oklahoma

November 29, 2022

**TOWN OF CADDO, OKLAHOMA
STATEMENT OF NET POSITION
JUNE 30, 2022**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 310,174	\$ 133,267	\$ 443,441
Investments	23,734	-	23,734
Internal Balances	-	-	-
Accounts Receivable	-	40,110	40,110
Taxes Receivable	28,129	-	28,129
Capital Assets:			
Land and Construction in Progress	-	357,409	357,409
Other Capital Assets, net of Accum. Depreciation	505,097	1,420,525	1,925,622
TOTAL ASSETS	867,135	1,951,311	2,818,446
<u>LIABILITIES</u>			
Accounts Payable	29,734	24,134	53,868
Interest Payable	-	2,676	2,676
Customer Deposits	-	58,508	58,508
Long-Term Liabilities:			
Due within on year	16,371	101,514	117,886
Due in more than one year	32,367	410,511	442,879
TOTAL LIABILITIES	78,472	597,345	675,817
<u>NET POSITION</u>			
Net investment in capital assets	456,359	1,265,909	1,722,267
Restricted for:			
Debt Service	-	20,794	20,794
Other Purposes	96,449	-	96,449
Unrestricted	235,855	67,263	303,118
TOTAL NET POSITION	\$ 788,662	\$ 1,353,967	\$ 2,142,629

The accompanying notes are an integral part of the basic financial statements.

TOWN OF CADDO, OKLAHOMA
STATEMENT OF ACTIVITIES
FOR THE TWELVE MONTHS ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expenses)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Current:					
General Government	\$ 134,823	\$ -	\$ -	\$ 170,176	\$ 35,353
Public Safety	328,018	245,528	-	-	(82,490)
Street & Alley	111,071	-	-	-	(111,071)
Community Services	48,210	-	-	-	(48,210)
Total Governmental Activities	622,122	245,528	-	170,176	(206,418)
Business-type activities:					
Water	125,687	209,458	-	-	83,771
Sewer	155,625	178,450	-	190,060	212,885
Sanitation	150,304	115,270	-	-	(35,034)
Administration/general	97,237	27,269	-	-	(69,968)
Total Business-type Activities	528,853	530,446	-	190,060	191,653
Total	\$ 1,150,974	\$ 775,974	\$ -	\$ 360,236	\$ (14,764)
Changes in Net Position:					
		Governmental Activities	Business-Type Activities	Total	
Net (expense)/revenue		\$ (206,418)	\$ 191,653	\$ (14,764)	
General revenues:					
Taxes:					
Sales Tax		239,833	-	239,833	
Use Tax		60,381	-	60,381	
Tobacco Tax		1,922	-	1,922	
Franchise Tax		30,886	-	30,886	
Intergovernmental:					
Alcoholic Beverage Tax		13,182	-	13,182	
Gasoline Excise Tax		1,837	-	1,837	
Motor Vehicle Tax		8,558	-	8,558	
Licenses & Permits		535	-	535	
Interest Income		265	100	365	
Gain (Loss) on Disposal		-	-	-	
Miscellaneous Revenues		7,846	-	7,846	
Transfers - Internal Activity		(60,434)	60,434	-	
Total general revenues & transfers		304,812	60,533	365,344	
Changes in net position		98,395	252,187	350,580	
Net position - beginning		690,268	1,101,780	1,792,048	
Net position - ending		\$ 788,662	\$ 1,353,967	\$ 2,142,629	

The accompanying notes are an integral part of the basic financial statements.

**TOWN OF CADDO, OKLAHOMA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	<u>General Fund</u>	<u>ARPA Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 213,725	\$ 96,449	\$ -	\$ 310,174
Investments	23,734	-	-	23,734
Due from other funds	-	-	-	-
Taxes Receivable	28,129	-	-	28,129
TOTAL ASSETS	<u>\$ 265,588</u>	<u>\$ 96,449</u>	<u>\$ -</u>	<u>\$ 362,038</u>
<u>LIABILITIES & FUND EQUITY</u>				
LIABILITIES:				
Accounts Payable	\$ 29,734	\$ -	\$ -	\$ 29,734
TOTAL LIABILITIES	<u>29,734</u>	<u>-</u>	<u>-</u>	<u>29,734</u>
FUND BALANCES:				
Nonspendable	-	-	-	-
Restricted	-	96,449	-	96,449
Committed	-	-	-	-
Assigned	142,126	-	-	142,126
Unassigned	93,728	-	-	93,728
TOTAL FUND BALANCES	<u>235,855</u>	<u>96,449</u>	<u>-</u>	<u>332,304</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 265,588</u>	<u>\$ 96,449</u>	<u>\$ -</u>	<u>\$ 362,038</u>

Reconciliation to Statement of Net Position:

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities of \$1,342,802, net of accumulated depreciation of \$837,705, are not financial resources and, therefore, are not reported in the funds.	505,097
Some liabilities, including capital debt obligations payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(48,739)</u>
Net Position of Governmental Activities	<u>\$ 788,662</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF CADDO, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2022

	General Fund	ARPA Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES:</u>				
Taxes:				
Sales Tax	\$ 239,833	\$ -	\$ -	239,833
Use Tax	60,381	-	-	60,381
Tobacco Tax	1,922	-	-	1,922
Franchise Tax	30,886	-	-	30,886
Intergovernmental:				
Alcoholic Beverage Tax	13,182	-	-	13,182
Gasoline Excise Tax	1,837	-	-	1,837
Motor Vehicle Tax	8,558	-	-	8,558
Grant Income	73,767	96,410	-	170,176
Court fines & fees	245,528	-	-	245,528
Licenses & Permits	535	-	-	535
Charges for Services	-	-	-	-
Interest	226	39	-	265
Miscellaneous Revenues	7,846	-	-	7,846
TOTAL REVENUES	684,501	96,449	-	780,950
<u>EXPENDITURES:</u>				
Current:				
General Government	126,115	-	-	126,115
Public Safety	316,247	-	-	316,247
Street & Alley	84,025	-	-	84,025
Community Services	37,175	-	-	37,175
Debt Service	18,827	-	-	18,827
Capital Outlay	19,873	-	-	19,873
TOTAL EXPENDITURES	602,262	-	-	602,262
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	82,239	96,449	-	178,688
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	(60,434)	-	-	(60,434)
Capital Debt Proceeds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(60,434)	-	-	(60,434)
NET CHANGES IN FUND BALANCES	21,805	96,449	-	118,254
FUND BALANCE - BEGINNING OF YEAR	214,049	-	-	214,049
FUND BALANCE - END OF YEAR	\$ 235,855	\$ 96,449	\$ -	332,304

The accompanying notes are an integral part of the basic financial statements.

TOWN OF CADDO, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2022

Reconciliation to Statement of Activities:

Net change in fund balances - total governmental funds	\$	118,254
Amounts reported for governmental activities in the Statement of Activities are different because:		
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:		
Capital debt obligation principal payments		16,341
Issuance of new capital debt obligations is recorded as capital debt proceeds in the governmental funds, but the proceeds create long-term liabilities in the Statement of Net Position:		
Capital Debt Proceeds		-
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Cost Basis of assets related to Gain on Disposal of Assets		-
Capital asset purchases capitalized		19,873
Depreciation expense		<u>(56,074)</u>
Change in Net Position of Governmental Activities	\$	<u><u>98,395</u></u>

The accompanying notes are an integral part of the basic financial statements.

**TOWN OF CADDO, OKLAHOMA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022**

	Caddo Public Works Authority Enterprise Fund June 30, 2022
<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents	\$ 53,464
Investments	-
Accounts Receivable	40,110
Due from Other Funds	-
Total Current Assets	93,574
Noncurrent Assets:	
Restricted Cash - Customer Deposits	59,008
Restricted Cash - Debt Service	20,794
Land and Construction in Progress	357,409
Other capital assets, net of accumulated depreciation	1,420,525
Total Noncurrent Assets	1,857,737
TOTAL ASSETS	1,951,311
<u>LIABILITIES & NET POSITION</u>	
Current Liabilities:	
Accounts Payable	24,134
Interest Payable	2,676
Due to other funds	-
Customer Deposits	58,508
Notes Payable - Current Portion	101,514
Total Current Liabilities	186,833
Noncurrent Liabilities:	
Notes Payable - Long-Term Portion	410,511
Total Noncurrent Liabilities	410,511
TOTAL LIABILITIES	597,345
NET POSITION:	
Net investment in capital assets	1,265,909
Restricted for debt service	20,794
Unrestricted	67,263
TOTAL NET POSITION	\$ 1,353,967

The accompanying notes are an integral part of the basic financial statements.

TOWN OF CADDO, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2022

	Caddo Public Works Authority Enterprise Fund June 30, 2022
<u>OPERATING REVENUES:</u>	
Water charges	\$ 209,458
Sewer charges	178,450
Sanitation charges	115,270
Penalties, fees, transfers & reconnects	17,585
Grant revenue	72,500
Other revenues	9,684
TOTAL OPERATING REVENUES	602,946
<u>OPERATING EXPENSES:</u>	
Water Department	94,453
Sewer Department	99,128
Sanitation Department	139,335
Administration/general	97,237
Depreciation & Amortization	87,201
TOTAL OPERATING EXPENSES	517,354
NET OPERATING INCOME (LOSS)	85,592
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	100
Interest Expense	(11,498)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(11,399)
NET INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	74,193
Capital Contributions - Loan Forgiveness	117,560
Gain (Loss) on Disposal of Assets	-
Transfers in	60,434
Transfers out	-
CHANGE IN NET POSITION	252,187
TOTAL NET POSITION - BEGINNING	1,101,780
TOTAL NET POSITION - ENDING	\$ 1,353,967

The accompanying notes are an integral part of the basic financial statements.

**TOWN OF CADDO, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2022**

	<u>Caddo Public Works Authority Enterprise Fund June 30, 2022</u>
<u>Cash Flows from Operating Activities:</u>	
Cash Receipts from Customers	\$ 525,418
Other Cash Receipts	82,184
Payments to Suppliers & Employee for Goods & Services	(425,569)
Receipts of Customer Utility Deposits, Net of Refunds	690
Net Cash Provided (Used) by Operating Activities	182,723
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Transfers to other funds	-
Transfers from other funds	60,434
Net Cash Provided (Used) by Non-Capital Financing Activities	60,434
<u>Cash Flows from Capital & Related Financing Activities:</u>	
Capital Contributions	117,560
Additions to Capital Assets	(405,824)
Gain on Sale of Capital Assets	-
Loan Proceeds received	187,859
Principal paid on Notes Payable	(201,342)
Interest paid	(11,931)
Net Cash Provided (Used) by Capital & Related Financing Activities	(313,678)
<u>Cash Flows from Investing Activities:</u>	
(Increase) in Investments	-
Interest Income	100
Net Cash Provided (Used) by Investing Activities	100
Net Increase (Decrease) in Cash and Cash Equivalents	(70,421)
Cash & Cash Equivalents, Beginning of Year	203,688
Cash & Cash Equivalents, End of Year	\$ 133,267
<u>Reconciliation of operating income (loss) to net cash provided</u>	
<u>operating activities:</u>	
Operating Income (Loss)	\$ 85,592
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation & Amortization	87,201
(Increase)Decrease in Accounts Receivable	4,657
Increase(Decrease) in Accounts Payable	4,584
Increase(Decrease) in Due to Depositors	690
Net Cash Provided (Used) by Operating Activities	\$ 182,723

The accompanying notes are an integral part of the basic financial statements.

TOWN OF CADDO, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Caddo, Oklahoma (the Town) complies with accounting principles acted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting polices established in GAAP and used by the Town are discussed below.

A. Financial Reporting Entity:

The Town of Caddo, Oklahoma is organized under the statutes of the State of Oklahoma. The Town operates under a council form of government and is governed by a four-member board of trustees. The Board of Trustees of the Town and the Authority are identical in membership. The reporting entity includes the primary government of the Town of Caddo, Oklahoma (the Town) and its component unit, Caddo Public Works Authority (the Authority). Financial information for the Caddo Public Works Authority is blended with the financial information of the Town of Caddo as an enterprise fund. Financial transactions between the Town and the Authority occur on a regular basis. The Authority operates water, sewer and sanitation services. The Town does not have component units other than the Authority.

B. Measurement Focus, Basis of Accounting and Basis of Presentation
- Fund Accounting

The Town's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government, except fiduciary funds. The statements distinguish between those activities of the Town that are governmental and those that are considered business-type activities.

TOWN OF CADDO, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

The statement of net position presents the financial condition of the governmental and business-type activities at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities and for the business-type activities of the Town. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on program revenues are presented as general revenues of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Town.

Fund Financial Statements - During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Major funds represent 10% of assets, liabilities, revenues or expenditures of the corresponding element for all funds of that category and is at least 5% of the corresponding element total for all governmental and enterprise funds combined or is a fund that the government believes is important enough for financial statements users to be reported as a major fund. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds, if any, are reported by type.

Fund Accounting - The accounts of the Town of Caddo are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenses or expenditures. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds - are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the

TOWN OF CADDO, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

modified accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers all revenues available if they are collected within 30 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Sales taxes, excise taxes and motor vehicle taxes collected and held by the state and county at year-end on behalf of the Town are susceptible to accrual and are recognized as revenue. Other taxes (franchise taxes, licenses, etc.) become measurable and available when cash is received by the government and are recognized as revenue at that time.

The following are the Town's major governmental funds:

General Fund - is the main operating fund of the Town. It accounts and reports for all financial resources not required to be reported in another fund. All monies received by the municipality under the motor fuel tax or under the motor vehicle license and registration tax and earmarked for the street and alley fund are deposited into the general fund and accounted for as a "street and alley account" within the general fund.

ARPA Fund - used to account for all funds received under the American Rescue Plan Act of 2021.

Proprietary Funds - are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds are classified as enterprise funds.

Enterprise Funds - Caddo Public Works Authority:

The enterprise funds are used to account for operations that are operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or

TOWN OF CADDO, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

recovered primarily through user charges or where the governing body has decided that the determination of revenues earned, costs incurred and/or net income is necessary for capital maintenance, public policy or management accountability. The Town's major enterprise funds are:

Caddo Public Works Authority - accounts for the operations of providing public works (water, sewer, and sanitation) to the Town.

D. Budgetary Data:

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General Fund, and the Caddo Public Works Authority. All annual encumbrances and appropriations lapse at fiscal year end.

E. Cash and Investments:

Cash includes amounts in demand deposits. The Town considers all cash on hand, demand deposits and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents. Town policy has been to invest in Certificates of Deposit.

F. Capital Assets:

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund and similar discretely presented component unit operations and whether they are reported in the government-wide or fund financial statements. The estimated useful life for capital assets varies between 3 and 40 years depending on the type of asset. The capitalization threshold has been set at \$1,000.00.

G. Compensated Absences:

The Town's policy for accumulated annual leave is based on years of continuous service. After one year of employment, full-time employees receive 2 weeks (10 days) of paid time off. After 4 years of employment, employees receive 3 weeks (15 days) of paid time off and after 10 years of employment, employees receive 4 weeks (20 days) of paid time off. Employees are only allowed to carryover 5 days to the next year.

TOWN OF CADDO, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

The financial statements do not include the amount of accrued compensated absences as of fiscal yearend. However, because most employees use these days during the year, the liability is considered immaterial as of that date.

Employees also receive 2 additional business days and their birthday off. However, while they are paid for these absences, these days do not accrue.

H. Long-Term Debt:

All long-term bonds, notes and other debt arising from transactions or events to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements.

Long-term debt arising from transactions or events of governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources, and payments of principal and interest are reported as expenditures. The accounting for proprietary funds are the same in the fund financial statements as the treatment in the government-wide statements.

I. Net Position/Fund Balance Classifications:

Government-Wide Statements

Net position is classified and displayed in three components:

1. Net investment in capital assets—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. Restricted—Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

TOWN OF CADDO, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

3. Unrestricted—Net amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the Town's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Fund Financial Statements

Governmental Funds

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Town classifies governmental fund balances as follows:

- Non-spendable - Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned - Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board.
- Unassigned - Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Town uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use committed, then

TOWN OF CADDO, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Government does not have a formal minimum fund balance policy.

J. Revenues, Expenditures and Expenses

Operating Revenue and Expenses

Operating revenues and expenses for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

K. Use of Estimates

The preparation of financial statements in conformity with the U.S. generally accepted accounting principles used by the Town requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

Custodial Credit Risk

At June 30, 2022, the Town held deposits of approximately \$443,441 at financial institutions. The Town's cash deposits, including interest-bearing certificates of deposit are covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the Town or by its agent in the Town's name.

Investment Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

The Town has no policy that limits its investment choices other than the limitation of state law as follows:

TOWN OF CADDO, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

Concentration of Investment Credit Risk

The Town places no limit on the amount it may invest in any one issuer. The Town has the following of credit risk: 100% in Certificates of deposit (\$23,734).

NOTE 3 - RESTRICTED ASSETS

The loan agreement with OWRB requires that certain monies be put in a trust type account. These funds are restricted to servicing the loan with OWRB. Monthly payments are made to a debt service account and then invested upon receipt by the loan trustee, Bancfirst. Semi-annual payments are then made by the trustee from this account to OWRB.

Assets are also restricted for the refundable customer deposits.

TOWN OF CADDO, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - CHANGES IN CAPITAL ASSETS

Town of Caddo:

	6/30/2021			6/30/2022	
	Balance	Additions	Retirements	Balance	
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	-
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	-	-	-	-	-
<u>Other capital assets:</u>					
Trucks & Equipment	259,161	-	-	259,161	
Buildings	614,960	10,980	-	625,940	
Police Cars & Equipment	184,019	4,376	-	188,394	
Street Infrastructure	264,789	4,517	-	269,306	
Total other capital assets	1,322,929	19,873	-	1,342,802	
<u>Less: Accum. Depreciation for:</u>					
Trucks & Equipment	109,035	18,743	-	127,778	
Buildings	399,689	20,243	-	419,932	
Police Cars & Equipment	180,051	7,293	-	187,343	
Street Infrastructure	92,856	9,795	-	102,651	
Total Accumulated Depreciation	781,631	56,074	-	837,705	
Other capital assets, net	541,298	(36,201)	-	505,097	
Governmental activities capital assets, net	\$ 541,298	\$ (36,201)	\$ -	\$ 505,097	

The additions to accumulated depreciation include the current year depreciation expense of \$56,074. The asset additions included two new a/c systems, major repairs to a police vehicle, and Asphalt. There were no retirements.

TOWN OF CADDO, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Caddo Public Works Authority:

	6/30/2021		6/30/2022	
<u>Business-Type Activities:</u>	Balance	Additions	Retirements	Balance
Capital assets not being depreciated:				
Land	\$ 143,816	\$ -	\$ -	\$ 143,816
Construction in progress	-	213,594	-	213,594
Total capital assets not being depreciated	143,816	213,594	-	357,409
Other capital assets:				
Buildings & Improvements	34,922	-	-	34,922
Trucks & Equipment	112,851	-	-	112,851
Sanitation Trucks & Equipment	134,559	179,900	-	314,459
Water System	800,220	9,881	-	810,101
Sewer System	731,289	2,449	-	733,738
Sewer Lagoons	1,491,438	-	-	1,491,438
Total other capital assets	3,305,279	192,230	-	3,497,509
Less: Accum. Depreciation for:				
Buildings & Improvements	11,671	873	-	12,544
Trucks & Equipment	90,727	5,969	-	96,697
Sanitation Trucks & Equipment	107,843	8,688	-	116,531
Water System	569,222	28,953	-	598,175
Sewer System	649,095	5,431	-	654,526
Sewer Lagoons	561,225	37,286	-	598,511
Total Accumulated Depreciation	1,989,783	87,201	-	2,076,984
Other capital assets, net	1,315,496	105,029	-	1,420,525
Business-type activities capital assets, net	\$ 1,459,312	\$ 318,623	\$ -	\$ 1,777,934

The additions to accumulated depreciation include only the current year depreciation expense of \$81,204. The asset additions for the current year included a sanitation truck, well pump, open channel flow & tank level meter and the Sewer Lagoon Project. There were no retirements for the current year.

Depreciation expense was charged to functions as follows in the Statement Activities:

Primary Government:	
Governmental Activities:	
General Government	\$ 8,708
Public Safety	9,285
Street	27,045
Community	11,035
Total depreciation expense for governmental activities	<u>\$ 56,074</u>
Business-Type Activities:	
Water	\$ 31,234
Sewer	44,998
Sanitation	10,969
Total depreciation expense for business-type activities	<u>\$ 87,201</u>

TOWN OF CADDO, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE 5 - LONG-TERM DEBT

GOVERNMENTAL FUND TYPES:

Note Payable - Shamrock Bank (Tractor)

On October 16, 2020, the Town entered into a Lease Purchase Agreement with Shamrock Bank for the purchase a mower & tractor for use by the town for \$75,601.07, which is a refinance of a previous agreement but included trading in the old mower for a new one. The note is for a term of fmy and half years and will end on March 15, 2025 with an effective interest rate of 4.25% and monthly payments of \$1,568.88.

Changes in Long-Term Debt

The following is a summary of capital lease obligations for the year ended June 30, 2022:

	Balance 6/30/2021	Additions	Deductions	Balance 6/30/2022
Shamrock Bank (Tractor)	\$ 65,079	\$ -	\$ (16,341)	\$ 48,739
	\$ 65,079	\$ -	\$ (16,341)	\$ 48,739

A summary of future maturities of principal and interest are as follows:

Year Ending June 30,	Shamrock Bank (Tractor)		Total
	Principal	Interest	
2023	\$ 17,087	\$ 1,740	\$ 18,827
2024	17,827	999	18,827
2025	13,825	275	14,100
2026	-	-	-
2027	-	-	-
2028-2032	-	-	-
Total	\$ 48,739	\$ 3,014	\$ 51,754

PROPRIETARY FUND TYPES:

OWRB ORF-15-0009-CW

On December 17, 2014, the Caddo Public Works Authority incurred a promissory note to Oklahoma Water Resources Board for a Series 2014 Clean Water SRF loan for refinancing the existing USDA Rural Development loans. The note is for a principal amount of \$895,000.00 with a fixed interest rate of 2.050% (includes OWRB ½% annual administrative fees) and a final maturity date of September 15, 2027. Payments are to be made semi-annually (March 15 and September 15) thru the trustee bank, with the first payment due March 15, 2015.

TOWN OF CADDO, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Shamrock Bank - Sewer Note

On July 20, 2020, the Authority entered into a Note Payable with Shamrock Bank for financing for sewer repairs. The original amount of the note is \$49,455. The note is for a term of fmy (4) years and will end on August 1, 2024 with an effective interest rate of 4.25% and monthly payments of \$1,125.12.

Arvest Bank - Sanitation Note

On April 22, 2022, the Authority entered into a Note Payable with Arvest Bank for the purchase of a 2022 Freightliner sanitation truck. The original amount of the note is \$70,299 with the Authority making a down payment of \$110,000 for the truck. The note is for a term of fmy (4) years and will end on May 22, 2026 with an effective interest rate of 2.65% and monthly payments of \$1,549.88.

Changes in Long-Term Debt

The following is a summary of long-term debt additions and deductions for the twelve months ended June 30, 2022:

	Balance 6/30/2021	Additions	Deductions	Balance 6/30/2022
OWRB ORF-15-0009-CW	\$ 485,611	\$ -	\$ (70,531)	\$ 415,080
Shamrock Bank - Sewer	\$ 39,898	\$ -	\$ (12,017)	\$ 27,881
Arvest Bank - Sanitation	\$ -	\$ 70,299	\$ (1,234)	\$ 69,065
	<u>\$ 525,508</u>	<u>\$ 70,299</u>	<u>\$ (83,782)</u>	<u>\$ 512,026</u>

A summary of future maturities of principal and interest are as follows:

OWRB ORF-15-0009-CW

FYE June 30,	Principal	Interest	Admin	Total
2023	\$ 72,004.00	\$ 6,244.25	\$ 2,014.27	\$ 80,262.52
2024	73,492.00	5,119.99	1,651.61	80,263.60
2025	75,044.00	3,945.86	1,272.86	80,262.72
2026	76,612.00	2,760.39	890.45	80,262.84
2027	78,213.00	1,550.15	500.05	80,263.20
2028	39,714.91	314.63	101.49	40,131.03
	<u>\$ 415,079.91</u>	<u>\$ 19,935.27</u>	<u>\$ 6,430.73</u>	<u>\$ 441,445.91</u>

TOWN OF CADDO, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Year Ending June 30,	Shamrock Bank - Sewer		Total
	Principal	Interest	
2023	\$ 12,560	\$ 941	\$ 13,501
2024	13,104	397	13,501
2025	2,216	30	2,246
2026	-	-	-
2027	-	-	-
2028-2032	-	-	-
Total	<u>\$ 27,881</u>	<u>\$ 1,368</u>	<u>\$ 29,249</u>

Year Ending June 30,	Arvest Bank - Sanitation		Total
	Principal	Interest	
2023	\$ 16,950	\$ 1,648	\$ 18,599
2024	17,408	1,190	18,599
2025	17,885	714	18,599
2026	16,821	227	17,049
2027	-	-	-
2028-2032	-	-	-
Total	<u>\$ 69,065</u>	<u>\$ 3,780</u>	<u>\$ 72,844</u>

NOTE 6 - EMPLOYEE PENSION AND OTHER BENEFIT PLANS

Oklahoma Municipal Retirement Fund

The Town provides a defined contribution plan and trust known as the Town of Caddo Plan and Trust (the "OMRF Plan") in the form of the Oklahoma Municipal Retirement System Master Defined Contribution Plan (OMRF) available to all full-time employees. OMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. The Plan is administered by Bank One Trust Company of Oklahoma City. The defined contribution plan is mandatory to all full-time employees who are not already participating in another plan. The employee contributes to the Plan and amount of 3% of their gross wages. The Town as employer, contributes a match of 3%. If any employee terminates before becoming fully vested (vested after seven years), the employer's contributions that are forfeited may be used to reduce the Town's current-period contribution requirements.

The OMRF contributions for 2022, 2021, and 2020 for the Town, respectively, were \$13,447.14, \$13,504.04 and \$12,143.00.

The OMRF contributions for 2022, 2021, and 2020 for the PWA, respectively, were \$9,377.72, \$9,488.88 and \$8,657.85.

OMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 525 Central Park Drive, Suite 320, Oklahoma City, OK 73105.

TOWN OF CADDO, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Volunteer Firefighters Pension Fund

The Town volunteer firemen participate only in the Oklahoma State Firefighters Pension and Retirement System which is a defined contributions plan applying only to the Town's volunteer firefighters. Eligibility to participate includes all full-time or voluntary firefighters or a participating municipality if they are hired before age 45. The State Statute gives the authority to establish contribution obligations and benefits. Vesting occurs after 10 years of service and payments begin at age 50, or after 20 years of service, whichever is later. The eligibility and benefits for distribution for volunteer firemen is 20 years credited service equal to \$5.46 per month per year of service, with a maximum of 30 years considered.

Contributions are made by the Town at the rate of \$60 per volunteer firefighter per year. The total contribution for 2022, 2021 and 2020, respectively were \$840, \$780 and \$660.

The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OFPRS, 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73105-3414 and is also available at www.ok.gov/fprs under the "GASB" tab labeled "2015-GASB 68 Accounting Supplement."

NOTE 7 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; error and omissions; injuries to employees; employees' health and life; and natural disasters. The Town manages these various risks of loss by maintaining commercial insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

NOTE 8 - CONTINGENCIES

Litigation

According to management there were no known contingent liabilities at June 30, 2022, which would have a material effect on the financial statements.

Grant Program Involvement

In the normal course of operations, the Town participates in various Federal or State grant or loan programs from year to year. The grant

TOWN OF CADDO, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

or loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability of reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

NOTE 9 - GRANT INCOME

The Town of Caddo was approved for a grant from Choctaw Nation's Choctaw Development Fund in the amount of \$8,767.50 to purchase sanitary sewer equipment. As of June 30, 2022, \$8,767.50 has been received and expended and there is no remaining balance.

The Town of Caddo was approved for REAP Grant 21-202 from SODA (Southern Oklahoma Development Association) in the amount of \$136,436.37 for repairs to the sewer lagoon. As of June 30, 2022, \$25,833.03 has been received and expended and there is a remaining balance of \$110,603.34.

The Town of Caddo was approved for CDBG 20 - 18123 from DOC (Department of Commerce) in the amount of \$136,363.63 as a matching grant alongside the REAP grant for repairs to the sewer lagoon. As of June 30, 2022, \$25,833.02 has been received and expended and there is a remaining balance of \$110,530.61.

The Town of Caddo was approved for CDBG 21 - 18342 from DOC (Department of Commerce) in the amount of \$40,000.00 for capital improvements. As of June 30, 2022, \$13,333.00 has been received and expended and there is a remaining balance of \$26,667.00.

The Town of Caddo was approved for ARPA Coronavirus State and Local Fiscal Record Funds from the U.S. Department of the Treasury in the amount of \$96,409.74. As of June 30, 2022, \$96,409.74 has been received but not yet expended and there is no remaining balance.

The Town of Caddo PWA was approved for OMAG's Sanitary Sewer Equipment Purchase Grant in the amount of \$10,000.00 for matching funds to purchase sanitary sewer equipment. As of June 30, 2022, \$10,000.00 has been received and expended and there is no remaining balance.

The Town of Caddo PWA was approved for a grant from the Choctaw Nation in the amount of \$125,000.00 to be used toward the lagoon rehabilitation project. As of June 30, 2022, \$62,500.00 has been received and expended and there is a remaining balance of \$62,500.00.

TOWN OF CADDO, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 - OWRB LOAN FORGIVENESS

OWRB ORF-22-0013-CW

On August 3, 2021, the Caddo Public Works Authority incurred a promissory note to Oklahoma Water Resources Board for a Series 2021 Clean Water SRF loan to finance the planning and design of wastewater system improvements benefiting the Town of Caddo. The note was for a principal amount of \$117,560.00 and was 100% forgiven on April 12, 2022.

NOTE 11 - SUBSEQUENT EVENTS

The Town did not have any subsequent events through November 29, 2022, which is the date the financial statements were issued, for events requiring recording or disclosure in the financial statements for the year ending June 30, 2022.

**TOWN OF CADDO, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE TWELVE MONTHS ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>\$</u>
Beginning Budgetary Fund Balance:	\$ 156,127	\$ 156,127	\$ 214,049	\$ 57,922
<u>Resources (Inflows):</u>				
Sales, Use & Tobacco Tax	250,000	250,000	302,136	52,136
Franchise Taxes	32,000	32,000	30,886	(1,114)
Alcoholic Beverage Tax	6,500	6,500	13,182	6,682
Commercial Vehicle & Gas Excise Taxes	9,500	9,500	10,395	895
Fines, Fees & Seizures	210,000	210,000	245,528	35,528
Other Charges & Services	50,000	50,000	-	(50,000)
Rent Income	1,500	1,500	1,985	485
Licenses & Permits	150	150	535	385
Museum Sales	10,000	10,000	3,157	(6,843)
Other Income	7,000	7,000	2,704	(4,296)
CDBG Grants - Special Projects	272,800	272,800	73,767	(199,033)
Capital Debt Proceeds	-	-	-	-
Interest Income	200	200	226	26
	<u>1,005,777</u>	<u>1,005,777</u>	<u>898,550</u>	<u>(107,227)</u>
<u>Amounts available for appropriation</u>				
<u>Charges to Appropriations (Outflows):</u>				
Current:				
General Government	379,039	379,039	195,962	183,077
Public Safety	348,484	348,484	330,036	18,449
Street & Alley	137,195	137,195	88,542	48,653
Community Services	32,776	32,776	48,155	(15,379)
	<u>897,495</u>	<u>897,495</u>	<u>662,695</u>	<u>234,800</u>
Total Charges to Appropriations				
Prior Year Adjustments to Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Budgetary Fund Balance	<u>108,282</u>	<u>108,282</u>	<u>235,855</u>	<u>127,572</u>

TOWN OF CADDO, OKLAHOMA
NOTES TO BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2022

The Town adopts an annual budget for all funds established by the governing body as required by O.S. 11 Section 17.207 through 17.210. The state statutes also require that the budget be adopted by resolution or per the Town charter at the legal level of classification (fund, department, & object category) and that the budget be filed with County Clerk and the State Auditor and Inspector. The Town may transfer budgeted amounts within and among departments.

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

To the Town Council
Town of Caddo, Oklahoma

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Caddo, 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 Caddo, Oklahoma's basic financial statements, and have issued my report thereon dated November 29, 2022. Management has omitted the MD&A required by accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Town of Caddo, Oklahoma's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Caddo, Oklahoma's internal control. Accordingly, I do not express an opinion on the effectiveness of Town of Caddo, Oklahoma's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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described in the accompanying Schedule of Findings as Item 22-01 that I consider to be significant deficiencies.

Compliance and Other Matters

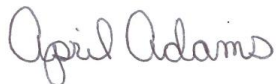
As part of obtaining reasonable assurance about whether the Town of Caddo, Oklahoma's financial statements are free of material misstatement, I performed tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is included in the Schedule of Findings as Item 22-02. The results of my tests disclosed no instances of other matters that are required to be reported under *Government Auditing Standards*.

Town of Caddo's Response to Findings

Town of Caddo's response to the findings identified in my audit is described in the accompanying Schedule of Findings. Town of Caddo's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.



April Adams CPA PLLC
Ponca City, Oklahoma

November 29, 2022

TOWN OF CADDO, OKLAHOMA
SCHEDULE OF FINDINGS
JUNE 30, 2022

INTERNAL CONTROL FINDINGS:

Item 22-01: Segregation of Duties

Criteria: A good system of internal control requires a proper segregation of duties to prevent one person from being in a position to authorize, execute, and record the same transaction.

Condition: Due to the size of the Town's major areas of internal control, that would be prevalent in a larger Town, such segregation of duties is not available for this size operation. Duties are concentrated in the hands of a few individuals, who are responsible for all phases of the accounting functions. Because of this lack of division of responsibility, internal control is determined to be weak, and in some instances, non-existent.

Cause/Effect: Due to the limited number of personnel, a breach of internal controls could occur and not be detected in the normal course of operations.

Recommendation: The Board should continue to be actively involved in the operations of the Town.

Response: The Board continues to be actively involved in the operations of the Town.

COMPLIANCE FINDINGS:

Item 22-02: Uninsured & Uncollateralized Deposits

Criteria: To protect public monies from potential loss, Oklahoma Statutes require that local governments, such as the Town, before depositing in excess of the federally insured amount (FDIC coverage of \$250,000.00), secure collateral pledges to cover the amount of the deposits. Further, U.S. generally accepted accounting principles (GAAP) requires the Town to disclose the amount of its bank balance that is uninsured and uncollateralized at the end of the period.

TOWN OF CADDO, OKLAHOMA
SCHEDULE OF FINDINGS
JUNE 30, 2022

Condition: During the fiscal year, the Town's deposits with Shamrock Bank continued to grow. As a result, \$91,716.46 of the Town's bank balance was uninsured and uncollateralized at June 30, 2022.

Cause/Effect: Collateral was not pledged by the servicing bank. Cash deposits exceeding the Federal Deposit Insurance Corporation coverage of \$250,000 are at risk of being lost if the bank becomes insolvent. No loss of public monies resulted from these uninsured and uncollateralized deposits.

Recommendation: To help protect public monies from potential loss and to comply with state statutes, the Town must ensure that all deposits not covered by federal depository insurance are collateralized in accordance Oklahoma Statutes.

Response: The Town is now aware of the problem and will work with the bank to find a solution.