



TOWN OF COLCORD

State of Oklahoma

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
JUNE 30, 2023

TOWN OF COLCORD
TABLE OF CONTENTS

Independent Auditor's Report.....	1-2
Voluntary Supplementary Information:	
Management's Discussion and Analysis (Unaudited)	3-6
Basic Financial Statements:	
<i>Government-Wide Financial Statements</i>	
Statement of Net Position - Modified Cash Basis	7
Statement of Activities - Modified Cash Basis	8
<i>Fund Financial Statements</i>	
Balance Sheet - Governmental Funds - Modified Cash Basis.....	9
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds - Modified Cash Basis.....	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities - Modified Cash Basis	11
Statement of Net Position – Proprietary Fund – Modified Cash Basis	12
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund – Modified Cash Basis.....	13
Statement of Cash Flows – Proprietary Fund – Modified Cash Basis	14
Notes to the Financial Statements.....	15-27
Other Supplementary Information:	
Supplementary Schedule for Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund – Modified Cash Basis	28
Internal Control and Compliance:	
Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	29-30
Schedule of Findings and Responses	31-32



124 S. Main Street, Miami, Oklahoma 74354
22 South Adair, Pryor, Oklahoma 74361
918-542-4401

INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Colcord, State of Oklahoma

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying modified cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Colcord, State of Oklahoma (the "Town"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town'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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2023, and the respective changes in modified cash-basis financial position and, where applicable, cash flows thereof, for the year then ended, in conformity with the 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards). 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 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 a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY 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 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 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, 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'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'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 MATTERS

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Colcord, State of Oklahoma's basic financial statements. The Supplementary Schedule for Statement of Revenues, Expenses, and Changes in Net Position on page 28 is presented for purposes of additional analysis and is not a required part of the financial statements. The management's discussion and analysis on pages 3-6, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion, or provide any assurance, on such information.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 30, 2023, on our consideration of the Town's internal control over financial reporting, and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is 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'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 the Town's internal control over financial reporting and compliance.

Sincerely,



OBER & LITTLEFIELD, CPAS, PLLC
Miami, Oklahoma
October 30, 2023

Our discussion, and analysis, of the Town of Colcord, State of Oklahoma (the “Town”)’s financial performance provides an overview of the Town’s financial activities, for the fiscal year ended June 30, 2023. Please read it in conjunction with the Town’s financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

- The Town’s total revenues exceeded expenses by \$90,320.26 for the year. The governmental activities resulted in revenues exceeding expenses by \$130,605 with an increase in net position. The operations of its business-type activities, the Colcord Public Works Authority (the “PWA”), resulted in expenses exceeding revenues by \$40,284.74, with an decrease in net position.
- The Town’s governmental activities ended the year with a net position of \$514,113.21.
- The PWA ended the year with a net position of \$757,027.20.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *management’s discussion and analysis* (this section), the *basic financial statements*, and an optional section that presents supplementary information. The basic financial statements include two kinds of statements that present different views of the Town.

- The first segment is *government-wide financial statements*, which provide both *long-term* and *short-term* information about the Town’s overall financial status.
- The remaining statements are *fund financial statements*, which focus on *individual parts* of the Town’s operations in more detail than the *government-wide financial statements*.
- The *governmental funds* statements tell how *general government* services, like public safety, were financed in the *short-term*, as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *voluntary supplementary information* that further explains, and supports, the information in the financial statements.

Government-Wide Statements

The government-wide statements report information about the Town, as a whole, using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government’s assets and liabilities. All of the current year’s revenues, and expenses, are accounted for in the statement of activities.

The two government-wide statements report the Town’s *net position* and how it has changed. Net position – the difference between the Town’s assets and liabilities – is one way to measure the Town’s financial health, or *position*.

Over time, increases or decreases in the Town’s net position are an indicator of whether its financial health is improving, or deteriorating, respectively.

The government-wide financial statements of the Town are divided into categories:

Governmental activities – Most of the Town's basic services are included here, such as the police, fire, public works, parks department, and general administration. Sales taxes, use taxes, and grants finance most of these activities.

Business-type activities – The Town charges a fee to customers to help it cover all, or most, of certain services it provides. The Town's water, sewer, and sanitation system is reported here.

Fund Financial Statements

The following two paragraphs summarize the major features of the Town's financial statements, including the portion of the Town government that they cover, and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Governmental Funds – Most of the Town's basic services are reported in governmental funds, which focus on how money flows into, and out of, those funds, and the balances left at year-end that are available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations, and the basic services it provides. Governmental fund information helps you determine whether there are more, or fewer, financial resources that can be spent, in the near future, to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position – modified cash basis and the statement of activities – modified cash basis) and governmental funds is reconciled in the financial statements of the governmental funds.

Proprietary Funds – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position – modified cash basis, and the statement of activities – modified cash basis. As of June 30, 2023, the Town of Colcord had one proprietary fund, the Colcord Public Works Authority.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net Position (See Table A-1)

	Governmental Activities	Business-Type Activities
Assets		
Current and other assets	\$ 181,311.14	\$ 69,994.87
Capital assets	350,944.83	983,240.56
Total Assets	\$ 532,255.97	\$ 1,053,235.43
Liabilities		
Current liabilities	\$ 18,142.76	\$ 23,420.40
Long-term liabilities	-	272,787.83
Total Liabilities	18,142.76	296,208.23
Net Position		
Invested in capital assets	350,944.83	711,424.72
Unrestricted	147,470.10	45,602.48
Restricted for specific purpose	15,698.28	-
Total Net Position	514,113.21	757,027.20
Total Liabilities & Net Position	\$ 532,255.97	\$ 1,053,235.43

Changes in Net Position (See Table A-2)

Table A-2
Changes in Town of Colcord's Net Position

	Governmental Activities	Business-Type Activities
Revenues		
Program revenues:		
Charges for services	\$ 247,639.37	\$ 349,089.26
Investment earnings	2,030.30	830.92
Grant revenues	98,396.73	-
General revenues:		
Sales tax revenues (net)	233,763.31	-
Other taxes	88,057.95	-
Insurance proceeds	20,450.00	-
Transfers in/(out)	(433.66)	6,204.05
Transfers - sales tax	(2,459.31)	75,284.36
Total Revenues	<u>687,444.69</u>	<u>431,408.59</u>
Total Expenses	<u>(556,839.69)</u>	<u>(471,693.33)</u>
Increase/(Decrease) in Net Position	<u>\$ 130,605.00</u>	<u>\$ (40,284.74)</u>

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

General Fund Budgetary Highlights

The Town's budget is prepared according to Oklahoma law, and is based on the beginning surplus, plus ninety percent of the previous years' recurring revenues. The most significant budget fund is the General Fund. An annual appropriation budget is required for the General Fund. The Town Council is provided with a detailed line-item budget for the General Fund. Normally, several meetings are devoted to discussion, and explanation, of the proposed budget by staff. The Town Council may transfer appropriations from one line-item to another after the budget is adopted. The Council must approve any budget amendments that would alter total budget or make any interfund transfers of money. The Town Council closely monitors the budget throughout the year, through the use of monthly financial statements, comparing budget to actual revenue and expenditures.

TOWN OF COLCORD, STATE OF OKLAHOMA
STATEMENT OF NET POSITION – GOVERNMENT-WIDE - MODIFIED CASH BASIS
AS OF YEAR ENDED JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets:			
Cash and cash equivalents	\$ 167,003.48	\$ 48,229.01	\$ 215,232.49
Due from other funds	14,307.66	-	14,307.66
Total current assets	181,311.14	48,229.01	229,540.15
Current Restricted Assets:			
Cash and cash equivalents	-	21,765.86	21,765.86
Non-Current Assets:			
Capital assets, net of accumulated depreciation	350,944.83	983,240.56	1,334,185.39
Total assets	<u>\$ 532,255.97</u>	<u>\$ 1,053,235.43</u>	<u>\$ 1,585,491.40</u>
Liabilities			
Current Liabilities:			
Due to other funds	\$ 14,307.66	\$ -	\$ 14,307.66
Accounts payable	-	2,626.53	2,626.53
Payroll taxes payable	3,835.10	-	3,835.10
Current portion of long-term debt	-	20,793.87	20,793.87
Total current liabilities	18,142.76	23,420.40	41,563.16
Long-Term Liabilities:			
Utility deposits	-	21,765.86	21,765.86
Notes payable	-	251,021.97	251,021.97
Total long-term liabilities	-	272,787.83	272,787.83
Total liabilities	18,142.76	296,208.23	314,350.99
Net Position			
Invested in capital assets, net of related debt	350,944.83	711,424.72	1,062,369.55
Unrestricted	147,470.10	45,602.48	193,072.58
Restricted for specific purpose	15,698.28	-	15,698.28
Total net position	514,113.21	757,027.20	1,271,140.41
Total liabilities and net position	<u>\$ 532,255.97</u>	<u>\$ 1,053,235.43</u>	<u>\$ 1,585,491.40</u>

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

TOWN OF COLCORD, STATE OF OKLAHOMA
STATEMENT OF ACTIVITIES - GOVERNMENT-WIDE - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue	
		Charges for Services	Operating Grants		Capital Grants
Governmental activities:					
General government	\$ 499,291.57	\$ 454.73	\$ 74,844.06	\$ -	\$ (423,992.78)
Emergency Management	540.16	-	-	-	(540.16)
Police	21,752.34	234,186.64	-	10,000.00	222,434.30
Street	12,317.66	-	-	-	(12,317.66)
Fire	22,937.96	12,998.00	13,552.67	-	3,612.71
Total governmental activities	556,839.69	247,639.37	88,396.73	10,000.00	(210,803.59)
Business type activities:					
Water and sewer	459,082.48	349,089.26	-	-	(109,993.22)
Total	\$ 1,015,922.17	\$ 596,728.63	\$ 88,396.73	\$ 10,000.00	\$ (320,796.81)

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Changes in net position:			
Net (expense) revenue	\$ (210,803.59)	\$ (109,993.22)	\$ (320,796.81)
General Revenues:			
Taxes:			
Sales tax	233,763.31	-	233,763.31
Use tax	72,047.45	-	72,047.45
Alcohol tax	8,394.62	-	8,394.62
Franchise tax	4,728.98	-	4,728.98
Cigarette tax	2,099.90	-	2,099.90
Insurance proceeds	20,450.00	-	20,450.00
Restricted for transportation purposes:			
Gasoline tax	787.00	-	787.00
Interest income	2,030.30	830.92	2,861.22
Total general revenues	344,301.56	830.92	345,132.48
Indirect Expenses:			
Interest expense	-	(12,610.85)	(12,610.85)
Transfers in/(out)	(433.66)	6,204.05	5,770.39
Transfers - internal activity	(2,459.31)	75,284.36	72,825.05
Total general revenues and transfers	341,408.59	69,708.48	411,117.07
Change in net position	130,605.00	(40,284.74)	90,320.26
Net position - beginning	383,508.21	797,311.94	1,180,820.15
Net position - ending	\$ 514,113.21	\$ 757,027.20	\$ 1,271,140.41

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

TOWN OF COLCORD, STATE OF OKLAHOMA
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
AS OF YEAR ENDED JUNE 30, 2023

	General Fund	Fire Fund	Street Fund	Emergency Management Fund	Drug Seizure Fund	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 98,593.59	\$ 34,478.31	\$ 4,515.60	\$ 3,154.35	\$ 26,261.63	\$ 167,003.48
Due from other funds	3,124.98	-	11,182.68	-	-	14,307.66
Total assets	<u>\$ 101,718.57</u>	<u>\$ 34,478.31</u>	<u>\$ 15,698.28</u>	<u>\$ 3,154.35</u>	<u>\$ 26,261.63</u>	<u>\$ 181,311.14</u>
Liabilities and Fund Balances						
Liabilities:						
Due to other funds	\$ 11,182.68	\$ -	\$ -	\$ -	\$ 3,124.98	\$ 14,307.66
Payroll taxes payable	3,835.10	-	-	-	-	3,835.10
Total liabilities	15,017.78	-	-	-	3,124.98	18,142.76
Fund balances						
Unassigned	\$ 86,700.79	-	-	-	-	86,700.79
Assigned	-	34,478.31	-	3,154.35	23,136.65	60,769.31
Restricted	-	-	15,698.28	-	-	15,698.28
Total fund balances	86,700.79	34,478.31	15,698.28	3,154.35	23,136.65	163,168.38
Total liabilities and fund balances	<u>\$ 101,718.57</u>	<u>\$ 34,478.31</u>	<u>\$ 15,698.28</u>	<u>\$ 3,154.35</u>	<u>\$ 26,261.63</u>	<u>\$ 181,311.14</u>
Total fund balance, governmental funds						\$ 163,168.38
Amounts reported for governmental activities in the statement of net position - modified cash basis are different because:						
Capital assets, net of depreciation, used in governmental activities are not current financial resources, and therefore, are not reported in the governmental activities balance sheet.						350,944.83
Net position of governmental activities in the statement of net position - modified cash basis						<u>\$ 514,113.21</u>

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

TOWN OF COLCORD, STATE OF OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Fire Fund	Street Fund	Emergency Management Fund	Drug Seizure Fund	Total Governmental Funds
Revenues						
Taxes	\$ 321,821.26	\$ -	\$ -	\$ -	\$ -	\$ 321,821.26
Grants	74,844.06	13,552.67	-	-	10,000.00	98,396.73
Charges for services	-	12,998.00	-	-	-	12,998.00
Fines	222,895.64	-	-	-	11,291.00	234,186.64
Gain/(Loss) on Sale of Asset	4,494.32	-	-	-	21,000.00	25,494.32
Interest income	1,435.45	330.61	33.75	35.53	194.96	2,030.30
Other revenue	454.73	-	-	-	-	454.73
Total revenues	625,945.46	26,881.28	33.75	35.53	42,485.96	695,381.98
Expenditures						
General Government:						
Personal services	286,014.93	1,976.00	-	-	-	287,990.93
Maintenance/operations	206,930.08	20,961.96	8,830.93	540.16	6,868.34	244,131.47
Capital outlay	118,286.85	-	-	-	14,884.00	133,170.85
Total expenditures	611,231.86	22,937.96	8,830.93	540.16	21,752.34	665,293.25
Excess (deficiency) of revenues over (under) expenditures	14,713.60	3,943.32	(8,797.18)	(504.63)	20,733.62	30,088.73
Other Financing Sources and (Uses)						
Transfers in/(out)	(15,360.97)	(1,120.00)	10,200.31	-	3,821.35	(2,459.31)
Insurance proceeds	20,450.00	-	-	-	-	20,450.00
Total other financing sources and (uses)	5,089.03	(1,120.00)	10,200.31	-	3,821.35	17,990.69
Net change in fund balance	19,802.63	2,823.32	1,403.13	(504.63)	24,554.97	48,079.42
Fund balances, beginning	66,898.16	31,654.99	14,295.15	3,658.98	(1,418.32)	115,088.96
Fund balances, ending	\$ 86,700.79	\$ 34,478.31	\$ 15,698.28	\$ 3,154.35	\$ 23,136.65	\$ 163,168.38

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

TOWN OF COLCORD, STATE OF OKLAHOMA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES -
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds	\$ 48,079.42
Amounts reported for governmental activities in the statement of activities - modified cash basis are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the statement of activities - modified cash basis reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives, as depreciation expense, for the period. This is the amount that depreciation in the current period exceeds the current capital outlays.	<u>82,525.58</u>
Change in net position of governmental activities	<u>\$ 130,605.00</u>

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

TOWN OF COLCORD, STATE OF OKLAHOMA
STATEMENT OF NET POSITION
PROPRIETARY FUND – MODIFIED CASH BASIS
AS OF YEAR ENDED JUNE 30, 2023

	Public Works Authority
Assets	
Current assets:	
Cash and cash equivalents	\$ 48,229.01
Total current assets	<u>48,229.01</u>
Current restricted assets:	
Cash and cash equivalents	21,765.86
Non-current assets:	
Capital assets, net of accumulated depreciation	<u>983,240.56</u>
Total assets	<u><u>\$ 1,053,235.43</u></u>
Liabilities	
Current liabilities:	
Accounts payable	\$ 2,626.53
Current portion of notes payable	<u>20,793.87</u>
Total current liabilities	<u>23,420.40</u>
Non-current liabilities:	
Meter deposits payable	21,765.86
Notes payable	<u>251,021.97</u>
Total non-current liabilities	<u>272,787.83</u>
Total liabilities	<u>296,208.23</u>
Net Position	
Invested in capital assets, net of related debt	711,424.72
Unrestricted	<u>45,602.48</u>
Total net position	<u>757,027.20</u>
Total liabilities and net position	<u><u>\$ 1,053,235.43</u></u>

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

TOWN OF COLCORD, STATE OF OKLAHOMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND – MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023

	Public Works Authority
Operating Revenues	
Water revenue	\$ 223,792.45
Sewer revenue	49,382.90
Trash revenue	67,850.50
Other revenue	8,063.41
Total operating revenues	<u>349,089.26</u>
Operating Expenses	
Water purchases	123,196.86
Salaries and payroll taxes	106,210.61
Bank Fees	223.12
Depreciation	72,219.50
Dues & Subscriptions	378.00
Professional fees	8,559.48
Repairs and maintenance	8,537.99
Utilities	14,497.39
Insurance	8,333.78
Miscellaneous	596.48
Office expenses	6,876.11
Postage	477.00
Sewer system	63,887.20
Supplies	15,022.58
Travel	3,162.45
Uniforms	90.00
Vehicle expense	26,813.93
Total operating expenses	<u>459,082.48</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(109,993.22)</u>
Non-Operating Revenues/(Expenses)	
Interest income	830.92
Interest expense	(12,610.85)
Transfer from general fund - sales tax	75,284.36
Transfers in/(out)	6,204.05
Total non-operating revenues/(expenses)	<u>69,708.48</u>
Net income/(loss)	<u>(40,284.74)</u>
Total net position - beginning	<u>797,311.94</u>
Total net position - ending	<u>\$ 757,027.20</u>

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

TOWN OF COLCORD, STATE OF OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND – MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023

	Public Works Authority
Cash Flows from Operating Activities	
Receipts from customers	\$ 349,089.26
Payments to suppliers and employees	(389,966.12)
Net cash provided/(used) by operating activities	(40,876.86)
Cash Flows from Noncapital Financing Activities	
Interfund transfers in/(out)	75,284.36
Cash Flows from Capital and Related Financing Activities	
Principal paid on capital debt	(19,961.75)
Interest paid on capital debt	(12,610.85)
Net cash provided/(used) by capital and related financing activities	(32,572.60)
Cash Flows from Investing Activities	
Interest and dividends	830.92
Net increase/(decrease) in cash and cash equivalents	8,869.87
Cash and cash equivalents, beginning of year	61,125.00
Cash and cash equivalents, end of year	\$ 69,994.87
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income/(loss)	\$ (109,993.22)
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	72,219.50
Change in assets and liabilities:	
Increase/(decrease) in accrued liabilities	(3,103.14)
Net cash provided/(used) by operating activities	\$ (40,876.86)
Reconciliation to Statement of Net Position - Modified Cash Basis	
Cash and cash equivalents	\$ 48,229.01
Cash and cash equivalents - restricted	21,765.86
Cash and cash equivalents, end of year	\$ 69,994.87

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

Note 1. Summary of Significant Accounting Policies

The following notes to the financial statements are an integral part of the Town of Colcord, State of Oklahoma (the “Town”)’s financial statements.

The Town’s financial statements are prepared on the modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash, and cash equivalents, and changes therein, and only recognizes revenues, expenses, assets, and liabilities resulting from cash transactions, adjusted for modifications that have substantial support in generally accepted accounting principles.

1A. Financial Reporting Entity

The Town’s financial reporting entity is comprised of the following:

Primary Government:	Town of Colcord, State of Oklahoma
Blended Component Unit:	Colcord Public Works Authority

In determining the financial reporting entity, the Town complies with the provisions of Governmental Accounting Standards Board Statement No. 14, “The Financial Reporting Entity,” and includes all component units of which the Town appointed a voting majority of the units’ board, and the Town is either able to impose its will on the unit, or a financial benefit or burden relationship exists.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria, described above, and whose governing body is the same, or substantially the same, as the Town Council, or the component unit provides services entirely to the Town. The component unit’s fund is blended into those of the Town’s, by appropriate activity type, to comprise the primary government presentation.

Component Unit	Brief Description/Inclusion Criteria	Reporting
Colcord Public Works Authority	Created to finance, develop, and operate water and sewer services activities.	Enterprise Fund

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria, described above, but do not meet the criteria for blending. Currently, the Town has no discretely presented component units.

1.B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position - modified cash basis and statement of activities - modified cash basis display information about the reporting government, as a whole. They include all funds of the reporting entity, except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, or governmental revenues, and other non-exchange revenues. Business-type activities are financed in whole, or in part, by fees charged to external parties for goods and services. The Town of Colcord has one business-type activity, Colcord Public Works Authority (“PWA”).

Note 1. Summary of Significant Accounting Policies (continued)

1.B. Basis of Presentation (continued)

Government-Wide Financial Statements (continued)

The statement of activities – modified cash basis presents a comparison between direct expenses and program revenues for each function of the Town’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town, or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental, or enterprise, fund are at least ten percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund, or enterprise fund, are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below.

Governmental Funds

General Fund

The General Fund is the primary operating fund of the Town, and is always classified as a major fund. It is used to account for all activities except those legally, or administratively, required to be accounted for in other funds.

Proprietary Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurements, similar to the private sector. The reporting entity includes the following enterprise fund:

Colcord Public Works Authority	Accounts for activities of the public trust in providing water and sewer services to the public.
--------------------------------	--

1.C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded, regardless of the measurement focus applied.

Note 1. Summary of Significant Accounting Policies (continued)

1.C. Measurement Focus and Basis of Accounting (continued)

Measurement Focus

In the government-wide statement of net position - modified cash basis and statement of activities - modified cash basis, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as subsequently defined in items (a) and (b).

In the fund financial statements, the current financial resources measurement focus, or the economic resources measurement focus, as applied to the modified cash basis of accounting, is used, as appropriate:

- a. All governmental funds utilize a current financial resources measurement focus, within the limitations of the modified cash basis of accounting. Only current financial assets, and liabilities, are generally included on their balance sheets. Their operating statements present sources, and uses, of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an economic resources measurement focus, within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent, or financial or nonfinancial) associated with their activities are generally reported, within the limitations of the modified cash basis of accounting.

Basis of Accounting

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP, as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position, or balance sheets, cash transactions, or events, that provide a benefit, or result in an obligation, that covers a period greater than the period in which the cash transaction, or event, occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions, or events.

This modified cash basis of accounting differs from GAAP, primarily because certain other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction, or event, are not reported, and the measurement of reported assets and liabilities does not involve adjustments to fair value.

If the Town utilized the basis of accounting recognized as generally accepted in the United States, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

Note 1. Summary of Significant Accounting Policies (continued)

1.D. Assets, Liabilities and Equity

Cash and cash equivalents

Oklahoma Statutes authorize the Town to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments, provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the Town can invest in direct debt securities of the United States.

For financial statement presentation, and for purposes of the statement of cash flows – modified cash basis, the Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit, with a maturity date of three months or less. Debt instruments with a maturity date of more than three months from date of issue are considered investments.

Estimates

The preparation of financial statements, in conformity with the modified cash basis of accounting used by the Town, requires management to make estimates, and assumptions, that affect certain reported amounts, and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets

The Town's modified cash basis of accounting reports capital assets resulting from cash transactions, or events, and reports depreciation, when appropriate. 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.

Government-Wide Statements

In the government-wide financial statements, capital assets arising from cash transactions, or events, are accounted for as assets in the statement of net position - modified cash basis. All capital assets are valued at historical cost, or estimated historical cost, if actual is unavailable.

Depreciation of all exhaustible capital assets arising from cash transactions, or events, is recorded as an allocated expense in the statement of activities - modified cash basis, with accumulated depreciation reflected in the statement of net position - modified cash basis. Depreciation is provided over the assets' estimated useful lives, using the straight-line method of depreciation.

Depreciation is computed using the straight-line method over the following estimated useful lives in years:

Buildings	15-50
Building Improvements	5-60
Infrastructure	25-50
Machinery and Equipment	10-40
Office Machinery and Equipment	2-15
Vehicles	5-15

Note 1. Summary of Significant Accounting Policies (continued)

1. D. Assets, Liabilities and Equity (continued)

Capital Assets (continued)

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions, or events, acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund, upon acquisition.

Restricted Assets

Restricted assets include cash, and investments, of the proprietary fund that are legally restricted as to their use. Restricted assets include funds on deposit, representing utility customer meter deposits, which are refundable to the customer, and funds on deposit required to be reserved by terms of promissory notes.

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations, or proprietary fund operations, and whether they are reported in the government-wide, or fund, financial statements. All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable and capitalized lease obligations. Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as revenue, and payments of principal and interest are reported as expenditures. The accounting for long-term debt of the proprietary fund is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The Town is not able to reasonably estimate the accrual for compensated absences. Therefore, the balance has not been recorded.

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 improvement 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 external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions, or enabling legislation.

Note 1. Summary of Significant Accounting Policies (continued)

1. D. Assets, Liabilities and Equity (continued)

Net Position/Fund Balance Classifications (continued)

Government-Wide Statements (continued)

3. *Unrestricted* – Net amount 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.

Fund Financial Statements

The difference among assets, deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance, and classified as nonspendable, restricted, committed, assigned, and unassigned, based on the respective level of constraint. These constraints are defined as follows:

Nonspendable – Amounts that cannot be spent because they either are not in spendable form, or are legally, or contractually, required to be maintained intact.

Restricted – Amounts constrained, regarding use, from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or by restrictions imposed by law through constitutional provisions, or enabling legislation.

Committed – Amounts constrained, regarding use, for specific purposes, pursuant to requirements imposed by formal action of the Town's highest level of decision-making authority.

Assigned – Amounts constrained by the Town's intent to be used for specific purposes, but that are neither restricted nor committed.

Unassigned – The residual classification of the General Fund for spendable amounts that have not been restricted, committed, or assigned to specific purposes.

When an expenditure is incurred for purposes for which amounts in any of the fund balance classifications of committed, assigned or unassigned could be used, the Town considers the expenditure spent out of the committed fund balance.

Note 1.E. Revenues, Expenditures, and Expenses

Sales tax

The Town presently levies a sales tax on taxable sales within the Town. The sales tax is collected by the Oklahoma Tax Commission and remitted to the Town in the month following receipt by the Oklahoma Tax Commission. The Tax Commission receives the sales tax approximately one month after collection by vendors. The sales tax is recorded entirely in the General Fund.

Note 1. Summary of Significant Accounting Policies (continued)

Note 1.E. Revenues, Expenditures, and Expenses (continued)

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.

1.F. Expenditures/Expenses

In the government-wide financial statements, expenses are classified, by function, for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By character: Current (further classified by function), Debt Service, Capital Outlay

Proprietary Funds – By Operating and Non-Operating

1.G. Interfund Transfers

Permanent re-allocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities - modified cash basis, all interfund transfers between individual governmental funds have been eliminated.

1.H. Use of Estimates

The preparation of the financial statements, in accordance with the modified cash basis of accounting, requires management to make estimates, and assumptions, that affect reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Stewardship, Compliance and Accountability

By its nature as a local government unit, the Town, and its component units, are subject to various federal, state, and local laws, and contractual regulations. An analysis of the Town's compliance with significant laws, regulations, grants, and contracts, and demonstration of its stewardship over the Town resources follows:

2.A. Fund Accounting Requirements

The Town complies with all state and local laws, and regulations, requiring the use of separate funds. The legally required funds used by the Town include the following:

<u>Fund</u>	<u>Required By</u>
Public Works Authority Fund	Trust Indenture

Note 2. Stewardship, Compliance and Accountability (continued)

2.B. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. For the year ended June 30, 2023, the Town complied, in all material respects, with those revenue restrictions. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions on Use</u>
Gasoline Excise Tax	Street and Alley Purposes
Commercial Vehicle Tax	Street and Alley Purposes
Water and Sewer Revenue	Debt Service and Utility Operations

2.C. Deposit and Investment Laws and Regulations

In accordance with state law, all uninsured deposits of municipal funds, in financial institutions, must be secured with acceptable collateral, valued at the lower of market or par. Acceptable collateral includes certain U.S. Government, or Government agency, securities, certain State of Oklahoma or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Town must have a written collateral agreement approved by the board of directors, or loan committee. As reflected in Note 3.A., all deposits were fully insured, or collateralized, for the fiscal year ended June 30, 2023.

Investments of the Town (excluding Public Trusts) whose population exceeds 3,000, according to the latest census information, are limited by state law to the following:

1. Direct obligations of the U.S. Government, its agencies, or instrumentalities to the payment of which the full faith and credit of the Government of the United States is pledged, or obligations to the payment of which the full faith and credit of this state is pledged;
2. Certificates of deposit, 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;
3. With certain limitation, negotiable certificates of deposit, prime bankers' acceptance, prime commercial paper, and repurchase agreements, with certain limitations;
4. 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;
5. 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 obligation of national mortgage associations;
6. Money market funds regulated by the SEC, and in which investments consist of the investments mentioned in the previous paragraphs 1., 2., 3., and 4.

Note 2. Stewardship, Compliance and Accountability (continued)

2.C. Deposit and Investment Laws and Regulations (continued)

Public trusts created under O.S. Title 60 are not subject to the above noted investment limitations and are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2023, the Town, and its public trusts, complied, in all material respects, with these investment restrictions.

2. D. Debt Restrictions and Covenants

General Obligation Debt

Article 10, Sections 26 and 27, of the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality, for non-utility or non-street purposes, to no more than 10% of net assessed valuation. For the year ended June 30, 2023, the Town has no outstanding general obligation debt.

Other Long-Term Debt

As required by the Oklahoma State Constitution, the Town (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue, without first obtaining voter approval. For the year ended June 30, 2023, the Town incurred no such indebtedness.

2. E. Fund Equity Restrictions

Deficit Prohibition

Title 11, Section 17-211 of Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund. The Town complied with this statute, in all material respects, for the year ended June 30, 2023.

2.F. Economic Dependence

The PWA is dependent upon the Delaware County Rural Water District No 11 for the PWA's water supply. If the PWA could not purchase its water, the PWA's alternative would be to build its own plant.

2.G. Budgetary Accounting and Control

The Town operates under the Oklahoma Estimates of Needs (Title 68) budget law. A budget is legally adopted by the Board of Trustees for the General Fund of the Town. The budget is prepared using the cash basis and budget laws of the State of Oklahoma. The financial statements are prepared using the modified cash basis of accounting. There are timing differences related to encumbrances between the financial statements presentation and the budget that are reconciled on page 29 of this report. The Board of Trustees can legally amend the budget once it has been approved by filing a supplemental appropriation with the state auditor and inspector, and town clerk. Budget transfers between funds have to be approved by the Board of Trustees. There were no supplemental appropriations made during the fiscal year. All appropriations lapse at year-end. The level of control at which expenditures may not legally exceed appropriations is the fund level for each legally adopted fiscal operating budget.

Note 3. Detail Notes – Transaction Classes/Accounts

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues and expenditures/expenses.

3.A. Cash and Investments

Authorized Investments

State statutes govern the Town's investment policy. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit or savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. Investments are stated at cost. The Town invests entirely in certificates of deposit.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town's cash deposits, including interest-bearing certificates of deposits, are maintained in financial institutions. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2023, none of the Town's investments were exposed to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. 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.

3.B. Restricted Assets

The amounts reported as restricted assets are comprised of cash held in trust, on behalf of the Public Works Authority, for customer utility meter deposits.

The restricted assets, as of June 30, 2023, are as follows:

Meter Deposits	<u>\$21,765.86</u>
----------------	--------------------

TOWN OF COLCORD, STATE OF OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

Note 3. Detail Notes – Transaction Classes/Accounts (continued)

3.C. Capital Assets

Capital Asset Activity - Governmental Type

Capital asset activity from modified cash basis transactions, or events, for the year ended June 30, 2023, was as follows:

Governmental Activities

	Balance 06/30/2022	Additions	Transfers	Balance 06/30/2023
Non-depreciable assets:				
Land	\$ 10,000.00	\$ -	\$ -	\$ 10,000.00
Depreciable assets:				
Buildings and improvements	64,034.83	9,966.85	(16,781.98)	57,219.70
Infrastructure	701,969.26	-	-	701,969.26
Equipment	90,587.97	123,204.00	(9,146.00)	204,645.97
Total capital assets being depreciated	856,592.06	133,170.85	(25,927.98)	963,834.93
Accumulated depreciation	(598,172.81)	(34,266.10)	9,548.81	(622,890.10)
Governmental activities capital assets, net	\$ 268,419.25	\$ 98,904.75	\$ (16,379.17)	\$ 350,944.83

Depreciation expense was charged as follows:

General fund	\$ 21,230.56
Street fund	3,486.73
Total depreciation	\$ 24,717.29

Business-Type Activities

	Balance 06/30/2022	Additions	Disposals	Balance 06/30/2023
Non-depreciable assets:				
Land	\$ 95,745.00	\$ -	\$ -	\$ 95,745.00
Depreciable assets:				
Building	9,692.00	-	-	9,692.00
Equipment	201,496.18	-	-	201,496.18
Water system	2,360,448.78	-	-	2,360,448.78
Total capital assets being depreciated	2,571,636.96	-	-	2,571,636.96
Accumulated depreciation	(1,611,921.90)	(72,219.50)	-	(1,684,141.40)
Business-type activities capital assets, net	\$ 1,055,460.06	\$ (72,219.50)	\$ -	\$ 983,240.56

Note 3. Detail Notes – Transaction Classes/Accounts (continued)

3.D. Long-Term Debt

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Governmental-Type Activities

There were no governmental-type activities.

Business-Type Activities

As of June 30, 2023, the long-term debt payable from proprietary fund resources consisted of the following:

In October 2019, the PWA executed a note payable to the Grand Savings Bank, payable in monthly installments of \$771.17. The note has an interest rate of 3.3% that is payable in 60 monthly installments.

Note payable to the U.S. Rural Development Administration payable in monthly installments of \$1,181, including 4.5% interest secured by a mortgage on infrastructure.

Note payable to the U.S. Rural Development Administration payable in monthly installments of \$750, including 4.5% interest secured by a mortgage on infrastructure.

The principal maturities of long-term debt are as follows:

<u>Year Ended June 30,</u>	<u>Business-Type Activities</u>
2024	20,793.87
2025	15,443.07
2026	70,926.92
2027-2031	88,793.67
2032-2036	75,858.31
	<u>\$ 271,815.84</u>

Note 3. Detail Notes – Transaction Classes/Accounts (continued)

3.D. Long-Term Debt (continued)

Changes in Long-Term Debt

The following is a summary of changes in long-term debt, for the year ended June 30, 2023:

	Balance June 30, 2022	Proceeds	Payments	Balance June 30, 2023	Amount Due Within One Year
Business-Type Activities					
USDA Loan #1	\$ 155,532.78	\$ -	\$ (7,268.03)	\$ 148,264.75	\$ 7,639.89
USDA Loan #2	115,486.77	-	(3,992.46)	111,494.31	4,163.36
GSB	20,758.04	-	(8,701.26)	12,056.78	8,990.62
Notes Payable	<u>\$ 291,777.59</u>	<u>\$ -</u>	<u>\$ (19,961.75)</u>	<u>\$ 271,815.84</u>	<u>\$ 20,793.87</u>

Note 4. Other Information

4.A. Risk Management

Internal Balances

In the process of aggregating the financial information for the government-wide statement of net position - modified cash basis and statement of activities - modified cash basis, some amounts reported as interfund activity, and balances in the fund financial statements, have been eliminated, or reclassified.

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disaster. The Town maintains insurance for claims and judgments through employee health, property and liability, workers' compensation, and unemployment insurance programs. These insurance programs are accounted for in the General Fund. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

Subsequent Events

Management has evaluated, and disclosed, subsequent events, up to October 30, 2023, the date that the financials were available to be issued, and no additional disclosures are required.

TOWN OF COLCORD, STATE OF OKLAHOMA

SUPPLEMENTARY SCHEDULE FOR STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
PROPRIETARY FUND – MODIFIED CASH BASIS

YEAR ENDED JUNE 30, 2023

	Water	Sewer	Total Public Works Authority
Operating revenue			
Water revenue	\$ 223,792.45	\$ -	\$ 223,792.45
Sewer revenue	-	49,382.90	49,382.90
Trash revenue	55,842.63	12,007.87	67,850.50
Other revenue	6,636.31	1,427.10	8,063.41
Total operating revenue	<u>286,271.39</u>	<u>62,817.87</u>	<u>349,089.26</u>
Operating expenses			
Water purchases	123,196.86		123,196.86
Salaries and payroll taxes	87,413.78	18,796.83	106,210.61
Bank Fees	183.63	39.49	223.12
Depreciation	59,438.43	12,781.07	72,219.50
Dues & Subscriptions	311.10	66.90	378.00
Professional fees	7,044.66	1,514.82	8,559.48
Repairs and maintenance	7,026.98	1,511.01	8,537.99
Utilities	11,931.71	2,565.68	14,497.39
Insurance	6,858.90	1,474.88	8,333.78
Miscellaneous	490.92	105.56	596.48
Office expenses	5,659.21	1,216.90	6,876.11
Postage	392.58	84.42	477.00
Sewer system	52,580.74	11,306.46	63,887.20
Supplies	12,363.95	2,658.63	15,022.58
Travel	2,602.77	559.68	3,162.45
Uniforms	74.07	15.93	90.00
Vehicle expense	22,068.52	4,745.41	26,813.93
Total operating expenses	<u>399,638.81</u>	<u>59,443.67</u>	<u>459,082.48</u>
Operating income/(loss)	<u>(113,367.42)</u>	<u>3,374.20</u>	<u>(109,993.22)</u>
Non-Operating Revenues/(Expenses)			
Interest income	683.87	147.05	830.92
Interest expense	(10,306.14)	(2,304.71)	(12,610.85)
Transfer from general fund - sales tax	62,998.47	12,285.89	75,284.36
Transfers in/(out)	5,106.09	1,097.96	6,204.05
	<u>58,482.29</u>	<u>11,226.19</u>	<u>69,708.48</u>
Change in net position	<u>\$ (54,885.13)</u>	<u>\$ 14,600.39</u>	<u>\$ (40,284.74)</u>



Certified Public Accountants, PLLC

124 S. Main Street, Miami, Oklahoma 74354

22 South Adair, Pryor, Oklahoma 74361

918-542-4401

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 Colcord, State of Oklahoma

We have audited the accompanying modified cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Colcord, State of Oklahoma (the "Town"), as of and for the year ended June 30, 2023, which collectively comprise the Town of Colcord, State of Oklahoma's basic financial statements, and the related notes to the financial statements, and have issued our report thereon, dated October 30, 2023.

Internal Control Over Financial Reporting

In planning, and performing, our audit, we considered Town of Colcord, State of Oklahoma's internal control over financial reporting as a basis for designing our auditing procedures, for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Colcord, State of Oklahoma's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Colcord, State of Oklahoma's internal control over financial reporting.

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

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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-1 and 2023-2 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Colcord, State of Oklahoma's financial statements 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance, or other matters, that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control, and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control, or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering the entity's internal control, and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in dark ink, appearing to read "Ober & Littlefield, PLLC". The signature is written in a cursive, flowing style.

OBER & LITTLEFIELD, CPAs, PLLC
MIAMI, OKLAHOMA

October 30, 2023

A. Audit Findings – Prior Year

Internal Control Findings

Item 2022-01: Purchase Order Filing System

Criteria: Internal control refers to the method and procedures used to provide reasonable assurance regarding the achievement or objectives in the following categories: Safeguarding assets, ensuring validity of financial records and reports, Promoting adherence to policies, procedures, regulations and laws, and promoting effectiveness and efficiency of operations. Internal control also refers to how an entity processes, summarizes and records the financial transaction. In general terms, internal controls are simply good business practices.

Condition: The Town was unable to locate several purchase orders and invoices requested for review.

Recommendation: The Town needs to establish a proper system for filing purchase orders.

Current Status – The Town is aware of the problem and is taking steps to correct this finding. See current year finding 2023-01.

Item 2022-2: Fixed Asset Policy

Criteria or Specific Requirement: The Town is required to maintain adequate controls to safeguard and account for its capital assets.

Condition: Internal controls over property accountability were inadequate or nonexistent for capital assets. The Town has no written policies or procedures on recording, adjusting, or inventorying capital assets, does not adequately monitor or inventory capital assets, does not record transactions in required general ledger accounts, and does not record capital assets in an approved capital asset inventory system that includes records for all assets that can be inventoried.

Recommendation: We recommend the Town implement internal controls in its property accountability by developing written policies and procedures that describe how capital assets will be recorded and managed, post transactions affecting capital assets to an approved capital asset inventor system and perform timely inventories of capital assets on an annual basis.

Current Status: The Town is working to correct this finding

Financial Statement Reporting

Item 2022-03: Publication of budget

Criteria: In accordance with statute 68 O.S. § 3001-33 Municipalities are required to file the publication affidavit at least 5 days after budget filing.

Condition: The Town was unable to provide evidence of budget publication.

Recommendation: The Town needs to establish a proper policy and procedure regarding the publication of the budget.

Current Status – The Town has remedied this finding in the current year.

B. Audit Findings – Current Year

Internal Control Findings

Item 2023-01: Purchase Order Filing System

Criteria: Internal control refers to the method and procedures used to provide reasonable assurance regarding the achievement or objectives in the following categories: Safeguarding assets, ensuring validity of financial records and reports, promoting adherence to policies, procedures, regulations, and laws, and promoting effectiveness and efficiency of operations. Internal control also refers to how an entity processes, summarizes, and records the financial transaction. In general terms, internal controls are simply good business practices.

Condition: The Town was unable to locate several purchase orders and invoices requested for review. This condition was also reported in 2019, 2020, 2021, and 2022.

Cause: The Town did not have a proper purchase order filing system in place.

Effect: Documentation is not being properly maintained.

Recommendation: The Town needs to establish a proper system for filing purchase orders.

Response – The Town is aware of the problem as is taking action to correct this finding.

Item 2023-2: Fixed Asset Policy

Criteria or Specific Requirement: The Town is required to maintain adequate controls to safeguard and account for its capital assets.

Condition: Internal controls over property accountability were inadequate or nonexistent for capital assets. The Town has no written policies or procedures on recording, adjusting, or inventorying capital assets, does not adequately monitor or inventory capital assets, does not record transactions in required general ledger accounts, and does not record capital assets in an approved capital asset inventory system that includes records for all assets that can be inventoried.

Cause: There are no written policies or procedures for the recording, maintenance, and safeguarding of capital assets.

Effect: Without adequate internal controls to ensure proper safeguarding, assets are at risk and vulnerable to misappropriation, misuse or loss, which would not be detected in a timely manner, if at all. Financial information is also inaccurately recorded for capitalized assets.

Recommendation: We recommend the Town implement internal controls in its property accountability by developing written policies and procedures that describe how capital assets will be recorded and managed, post transactions affecting capital assets to an approved capital asset inventor system and perform timely inventories of capital assets on an annual basis.

Response: The Town is working to correct this finding