



TOWN OF WAKITA
STATE OF OKLAHOMA

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Town Council
Town of Wakita, State of Oklahoma

OPINIONS

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 Wakita, 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, the aggregate discretely presented component units, 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.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation, and fair presentation, of these financial statements, in accordance with the modified cash basis of accounting, which is described in Note 1C. 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.

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'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

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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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

Emphasis of Matter

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.

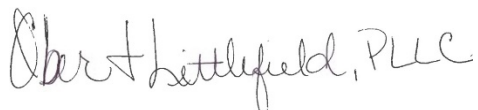
VOLUNTARY SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Wakita, State of Oklahoma's basic financial statements. The budget comparison schedule on pages 28 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of state and federal financial assistance and budgetary comparison information is the responsibility of management, and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and certain additional procedures, including comparing, and reconciling, such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of state and federal financial assistance, and the budgetary comparison information, is fairly stated, in all material respects, in relation to the basic financial statements, as a whole, on the basis of accounting described in Note 1C.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report, dated January 9, 2024, 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
JANUARY 9, 2024

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

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 298,282	\$ 298,034	\$ 596,316
Certificates of deposit	115,609	57,018	172,627
Due to - PWA	4,940	-	4,940
Current restricted assets			
Cash and cash equivalents held by others	126,427	81,633	208,060
Total current assets	545,258	436,684	981,942
Non-current assets			
Capital assets, net of accumulated depreciation	1,128,459	1,508,659	2,637,118
Total assets	<u>\$ 1,673,716</u>	<u>\$ 1,945,343</u>	<u>\$ 3,619,060</u>
Liabilities			
Current liabilities			
Payroll taxes payable	\$ -	\$ 1,687	\$ 1,687
Due to - Town	-	4,940	4,940
Current portion of long-term debt	-	7,149	7,149
Total current liabilities	<u>-</u>	<u>13,776</u>	<u>13,776</u>
Long-term liabilities			
Utility deposits	-	19,561	19,561
Notes payable	-	292,686	292,686
Total long-term liabilities	<u>-</u>	<u>312,247</u>	<u>312,247</u>
Total liabilities	<u>-</u>	<u>326,023</u>	<u>326,023</u>
Net position			
Invested in capital assets, net of related debt	1,128,459	1,208,824	2,337,283
Restricted for:			
Fire department	116,154	-	116,154
OMAG	10,273	-	10,273
Unrestricted	418,831	410,496	829,327
Total net position	<u>1,673,716</u>	<u>1,619,321</u>	<u>3,293,037</u>
Total liabilities and net position	<u>\$ 1,673,716</u>	<u>\$ 1,945,343</u>	<u>\$ 3,619,060</u>

The accompanying notes are an integral part of these financial statements

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

Functions/Programs	Expenses	Program Revenues			Net (Expense)/Revenue and Changes in Net Position		
		Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 77,653	\$ -	\$ 28,739	\$ -	\$ (48,914)	\$ -	\$ (48,914)
Fire department	90,117	-	14,291	-	(75,826)	-	(75,826)
Street department	37,785	-	-	-	(37,785)	-	(37,785)
Total governmental activities	205,555	-	43,029	-	(162,526)	-	(162,526)
Business-type activities:							
Sewer department	64,571	55,600	-	-		(8,971)	\$ (8,971)
Trash department	18,808	30,048	-	-		11,241	11,241
Water department	98,523	95,658	-	-		(2,864)	(2,864)
Gas department	137,182	162,038	-	-		24,856	24,856
Ambulance department	56,259	6,735	-	-		(49,524)	(49,524)
Total	580,898	350,079	43,029	-		(25,263)	(187,789)
General revenues:							
Taxes:							
Sales and use tax					70,684	-	70,684
Franchise taxes					9,441	-	9,441
Other public service taxes					23,352	-	23,352
Fire Dept. sales taxes					40,775		
Other revenues					1,683	12,356	14,038
Donations					12,108	-	12,108
Interest income					3,135	1,911	5,046
Insurance proceeds					10,278	-	10,278
Indirect expenses:							
Interest Expense					-	(9,867)	(9,867)
Transfers					(15,352)	15,352	-
Total general revenues and transfers					156,103	19,751	175,854
Change in net position					(6,423)	(5,512)	(11,935)
Net position - beginning					1,680,139	1,624,833	3,304,972
Net position - ending					\$ 1,673,716	\$ 1,619,321	\$ 3,293,037

The accompanying notes are an integral part of these financial statements

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

	General Fund
Assets	
Cash and cash equivalents	\$ 298,282
Certificates of deposit	115,609
Restricted cash and investments	126,427
Due from other funds	4,940
Total Assets	<u>\$ 545,258</u>
Liabilities	\$ -
Total liabilities	<u>-</u>
Fund balance	
Assigned	
County fire tax for fire department	126,427
Insurance reserves	10,273
Unassigned	<u>408,558</u>
Total fund balance	<u>545,258</u>
Total liabilities and fund balance	<u>\$ 545,258</u>
Total fund balance, governmental funds	\$ 545,258
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 of the statement of net position - modified cash basis.	<u>1,128,459</u>
Net position of governmental activities in the statement of net position - modified cash basis	<u>\$ 1,673,716</u>

The accompanying notes are an integral part of these financial statements

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

	General Fund
Revenues	
Sales and use tax	\$ 70,684
Franchise fees	9,441
Alcohol and cigarette tax	20,720
Commerical vehicle tax	2,116
Gas tax	517
County taxes	40,775
Interest	3,135
Grant revenue	43,029
Insurance proceeds	10,278
Donations	12,108
Miscellaneous income	1,683
Total revenues	<u>214,484</u>
Expenditures	
General government	
Personal services	9,272
Maintenance and operations	33,408
Capital outlay	45,412
Fire department	
Personal services	1,560
Maintenance and operations	22,769
Street department	
Personal services	2,054
Maintenance and operations	29,561
Total expenditures	<u>144,036</u>
Excess/(deficiency) of revenues over/(under) expenditures	70,448.36
Other financing sources/(uses)	
Transfers out - business-type	<u>(15,352)</u>
Total other financing sources/(uses)	<u>(15,352)</u>
Net change in fund balance	55,097
Fund balance, beginning	490,161
Fund balance, ending	<u><u>\$ 545,258</u></u>

The accompanying notes are an integral part of these financial statements

TOWN OF WAKITA, 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
YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governemnetal funds	\$ 55,097
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Amounts reported for governmental activities in the statement of net position -
modified cash basis are different because:

In the governmental funds, capital outlays are reported as expenditures, while in the
government-wide statement of activities - modified cash basis, depreciation expense
is reported to allocate those expenditures over the life of the assets.

Capital outlay expenditures	45,412
Depreciation expense	<u>(106,931)</u>

Change in net position of governmental activities in the statement of net position - modified cash basis	<u>\$ (6,423)</u>
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The accompanying notes are an integral part of these financial statements

TOWN OF WAKITA, STATE OF OKLAHOMA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS - PROPRIETARY FUND
YEAR ENDED JUNE 30, 2023

	Wakita Utilities Authority
Assets	
Current unrestricted assets	
Cash and cash equivalents	\$ 298,034
Certificates of deposit	57,018
Current restricted assets	
Cash and cash equivalents	81,633
Total current assets	436,684
Non-current assets	
Capital assets, net of accumulated depreciation	1,508,659
Total Noncurrent Assets	1,508,659
Total assets	\$ 1,945,343
Liabilities	
Current liabilities	
Payroll taxes payable	\$ 1,687
Due to - Town	4,940
Current portion long-term debt	7,149
Total current liabilities	13,776
Non-current liabilities	
Utility deposits	19,561
Long-term debt, less current portion	292,686
Total non-current liabilities	312,247
Total liabilities	326,023
Net position	
Invested in capital assets, net of related debt	1,208,824
Unrestricted	410,496
Total net position	1,619,321
Total liabilities and net position	\$ 1,945,343

The accompanying notes are an integral part of these financial statements

TOWN OF WAKITA, STATE OF OKLAHOMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
MODIFIED CASH BASIS - PROPRIETARY FUND
YEAR ENDED JUNE 30, 2023

	Wakita Utilities Authority
Operating revenues	
Sewer revenue	\$ 41,600
Trash revenue	30,048
Water revenue	95,658
Gas revenue	162,038
Ambulance revenue	6,735
Late fees	2,124
Sewer surcharge	11,875
Other income	12,356
Total operating revenue	<u>362,435</u>
Operating expenses	
Sewer	
Personal services	20,055
Operations and maintenance	44,515
Trash	
Operations and maintenance	18,808
Water	
Personal services	25,785
Operations and maintenance	72,737
Gas	
Personal services	11,460
Operations and maintenance	125,721
Ambulance	
Personal services	29,614
Operations and maintenance	26,646
Total operating expenses	<u>375,342</u>
Excess (deficiency) of revenues over (under) expenditures	(12,907)
Non-Operating Revenues (Expenses):	
Interest income	1,911
Interest expense	(9,867)
Transfers in/(out)	15,352
Total non-operating revenues (expenses)	<u>7,396</u>
Net income/(loss)	(5,512)
Total net position - beginning	<u>1,624,833</u>
Total net position - ending	<u>\$ 1,619,321</u>

The accompanying notes are an integral part of these financial statements

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

	Wakita Utilities Authority
Cash flows from operating activities	
Receipts from customers	\$ 362,435
Payments to suppliers and employees	(295,285)
Net cash provided/(used) by operating activities	<u>67,150</u>
Cash flows from capital and related financing activities	
Principal paid on capital debt	(6,921)
Interest paid on capital debt	(9,867)
Purchase of fixed assets	(22,723)
Proceeds from grant receipts	15,352
Net cash provided/(used) by capital and related financing activities	<u>(24,159)</u>
Net increase/(decrease) in cash and cash equivalents	43,737
Cash and cash equivalents, beginning of year	<u>335,929</u>
Cash and cash equivalents, end of year	<u><u>\$ 379,666</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income/(loss)	\$ (12,907)
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	77,089
Change in assets and liabilities:	
Increase (decrease) accounts payable	2,357
Increase/(decrease) in accrued liabilities	611
Net cash provided/(used) by operating activities	<u><u>\$ 67,150</u></u>
Reconciliation to statement of net position - modified cash basis	
Cash and cash equivalents	\$ 298,034
Restricted cash	81,633
Total cash and cash equivalents	<u><u>\$ 379,666</u></u>

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 Wakita, State of Oklahoma (the "Town")'s financial statements. As discussed further in Note 1C, these financial statements are presented 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 (GAAP), established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation, and disclosure, requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements, and the constraints of the measurements and recognition criteria of the modified cash basis of accounting.

1A. Financial Reporting Entity

The Town of Wakita (Town) operated under the Statutory Town Board of Trustees form of government and provides the following major services: public safety, streets, public improvement, planning and zoning, and general administration. 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 units that are blended into the reporting activity types of the Town's reports are presented below:

The Wakita Utilities Authority (WUA), an entity legally separate from the Town, is governed by the same board of trustees that governs the Town. For financial reporting purposes, the WUA is reported as if it were part of the Town's operations because its purpose is to finance and provide water, sewer, trash, and gas services to the citizens of the Town. The WUA does not present separate financial statements.

The Wakita Public Works Authority (PWA), an entity legally separate from the Town, is governed by the same board of trustees that governs the Town. For financial reporting purposes, the PWA is reported as if it were part of the Town's operations because its purpose was to finance construction of a community health center for the citizens of the Town. Since its purpose has been fulfilled, it is currently inactive. However, the building is currently leased to the James Dennis Medical Foundation (Community Health Center) in a contract that was renewed March 20, 2019 and expires June 30, 2029.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

1.B. Basis of Presentation (continued)

The statement of activities – modified cash basis presents a comparison between direct expenses and program revenues, for the different business-type activities of the Town, and 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.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specified purposes, or designated to finance particular functions, or activities, of the Town.

Proprietary Funds

Enterprise Funds

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 measurement, similar to the private sector. The reporting entity includes the following enterprise fund:

Fund

Wakita Utilities Authority

Brief Description

Accounts for the activities of the public trust in providing utility services to the public.

TOWN OF WAKITA, STATE OF OKLAHOMA
Wakita Public Works Authority

Finance construction of a community health center for the citizens
of the Town.

Note 1 - Summary of Significant Accounting Policies (continued)

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.

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 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

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at cost. Infrastructure assets such as streets that were constructed prior to the adoption of GASB 34 are not required to be reported and are not reported. In the general fund financial statements, capital assets are expensed as capital outlay. In the proprietary fund financial statements and in the government-wide financial statements, capital assets are capitalized and depreciation on all capital assets is provided on the straight-line basis over the following estimated useful lives

Buildings	30 years
Equipment	5 to 20 years
Utility systems	30 to 40 years

Government-Wide Statements

In the government-wide financial statements, capital assets with an original cost of \$2,000 or more, 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.

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. Capital assets acquired for use in proprietary fund operations are the same as in the government-wide statements.

TOWN OF WAKITA, STATE OF OKLAHOMA

The financial statements of Wakita Utilities Authority include property and equipment.

Note 1 - Summary of Significant Accounting Policies (continued)

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

Fund Financial Statements (continued)

Long-Term Obligations

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

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

Note 1 - Summary of Significant Accounting Policies (continued)

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

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.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

1.F. 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.G. 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, in all material respects, with 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>
Utilities Authority Fund	Trust Indenture

2.B. 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;

Note 2 - Stewardship, Compliance and Accountability (continued)

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

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. 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.

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.C. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restriction of Use</u>
County Sales Tax	Fire Department purposes
Utility Revenue	Debt Service and Utility Operations

For the year ended June 30, 2023, the Town complied, in all material respects, with those revenue 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 had no outstanding general obligation debt.

Note 2 - Stewardship, Compliance and Accountability (continued)

2. D. Debt Restrictions and Covenants (continued)

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.

July 22, 2011, the WUA issued a \$375,000 note for water system improvements. The note carries a fixed annual interest rate of 3.25% and matures July 22, 2051. The note is secured by all water revenues and a mortgage on the water system. Debt service reserves required by the note are recorded as restricted (see Note 3).

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. 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. 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, of 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.

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

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.

Type	Credit Rating	Fair Value	On Demand	Less Than One	1-5
Demand deposits	N/A	\$ 804,375	\$ 804,375	\$ -	\$ -
		<u>\$ 804,375</u>	<u>\$ 804,375</u>	<u>\$ -</u>	<u>\$ -</u>

Reconciliation to statement of net position - modified cash basis:

Cash and equivalents	\$ 596,316
Restricted cash and equivalents	208,060
	<u>\$ 804,375</u>

3.B. Debt Compliance

Under the terms of the Rural Development loan agreement, the Authority is required to maintain deposits sufficient to cover the annual payments on Rural Development notes. The Authority must maintain this balance until the loans are paid off. As of year-end, the loan has been paid off. See the schedule of findings and responses.

3.C. Restricted Cash

Grant County sales taxes restricted for the Wakita fire department are recorded as restricted cash in the general fund. Although the funds are maintained by the county, the Town records them on its books for purposes of oversight and control since the expenditure of these funds is material to the financial statements of the general fund. The balance at the county at June 30 is \$116,154.

Insurance reserves of \$10,272 are on deposit at the Oklahoma Municipal Insurance Group (OMAG).

Debt service reserves are required by the Rural Development loan agreement. A debt service reserve of \$16,788 has been fully funded. A short-lived asset reserve is funded with monthly deposits of \$317, for a balance at June 30, 2023, of \$45,284. At year end, the combined balance of these reserve accounts is \$62,072, the required amount.

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

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

Meter deposits of \$19,561 are on deposit with the WUA at year end.

3.D. 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

	Balance 06/30/2022	Additions	Disposals	Balance 06/30/2023
Non-depreciable assets:				
Land	\$ -	\$ -	\$ -	\$ -
Depreciable assets:				
Infrastructure	38,394	-	-	38,394
Buildings and improvements	1,712,163	-	-	1,712,163
Equipment	55,200	-	-	55,200
Vehicles	560,981	45,412	-	606,393
Total capital assets being depreciated	2,366,738	45,412	-	2,412,150
Accumulated depreciation	(1,176,760)	(106,931)	-	(1,283,691)
Governmental activities capital assets, net	\$ 1,544,240	\$ (61,519)	\$ -	\$ 1,128,459

Depreciation expense was charged to general government.

Business Type

	Balance 06/30/2022	Additions	Disposals	Balance 06/30/2023
Land	\$ 160,000	\$ -	\$ -	\$ 160,000
Buildings	10,000	-	-	10,000
Water and sewer systems	2,576,072	15,352	-	2,591,424
Equipment	30,078	3,900	-	33,978
Construction in progress	-	3,471	-	3,471
Total property, plant, and equipment	2,776,150	22,723	-	2,798,873
Accumulated depreciation	(1,213,124)	(77,089)	-	(1,290,213)
Business-type activities capital assets, net	\$ 1,563,026	\$ (54,367)	\$ -	\$ 1,508,659

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

3.E. Long-Term Debt

The reporting entity's long-term bonds, notes, and other debt arising from cash transactions, or events, is segregated between amounts to be repaid from governmental activities, and amounts to be repaid from business-type activities. Long-term debt activity for the year ended June 30, 2023, was as follows:

Business-Type Activities:

	Balance June 30, 2022	Issued	Retired	Balance June 30, 2023
Water system note payable	\$ 306,756	-	\$ (6,921)	\$ 299,835
	<u>\$ 32,582.38</u>	<u>\$ -</u>	<u>\$ (6,921)</u>	<u>\$ 299,835</u>

July 22, 2011, the WUA issued a \$375,000 note for water system improvements. The note carries a fixed annual interest rate of 3.25% and matures July 22, 2051. The note is secured by all water revenues and a mortgage on the water system. Debt service reserves required by the note are recorded as restricted cash (see Note 3).

Principal outstanding at 6/30/23	\$ 299,835
Less: current portion	<u>(7,149)</u>
Total non-current long-term debt	<u>\$ 292,686</u>

The maturities of long-term debt are as follows:

Business-Type Activities:

Year Ended June 30	Principal Reductions	Interest	Debt Service Requirements
2024	7,149	9,639	16,788
2025	7,385	9,403	16,788
2026	7,629	9,159	16,788
2027	7,880	8,908	16,788
2028-2032	43,477	40,463	83,940
2033-2037	51,138	32,802	83,940
2038-2042	60,148	23,793	83,941
2043-2047	70,744	1,395	72,139
2048-2050	44,285	2,077	46,362
Total	<u>\$ 299,835</u>	<u>\$137,639</u>	<u>\$ 391,112</u>

Note 4 - Long-term Maintenance and Repair Contract

During FY 2001, the Town entered into a long-term contract for water tower repairs and maintenance. An annual maintenance fee began in 2004 with cost-of-service adjustments calculated every three years, but in no case to exceed 5% annually. The contract is subject to cancellation with 90 days written notice prior to the anniversary date. The cost for 2023 was \$16,845.

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, and the Public Works Authority 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 January 9, 2024, the date that the financials were available to be issued, and no additional disclosures are required.



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 Honorable Mayor and Town Council
Town of Wakita, State of Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Wakita, State of Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Wakita, State of Oklahoma’s basic financial statements, and have issued our report thereon dated January 9, 2024.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning, and performing, our audit of the financial statements, we considered the Town of Wakita, State of 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Wakita, State of Oklahoma’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Wakita, 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. Given these limitations, during our audit we did identify deficiencies in internal control, described in the accompanying schedule of findings and responses, that we consider to be significant deficiencies. We did identify certain deficiencies in internal control described in the accompany schedule of findings. We consider the following to be a significant deficient: 2023-1.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Town of Wakita, State of Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

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

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

OBER & LITTLEFIELD, CPAS, PLLC
MIAMI, OKLAHOMA

JANUARY 9, 2024

Prior Year Findings

2022-1

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

Condition: The same employee maintains the general ledger, billing system, performs reconciliations, and collects payments, with no compensating procedures to provide for oversight or review of those transactions.

Cause: There is not sufficient segregation of duties between those maintaining the general

Recommendation: We recommend that procedures be established to provide segregation of duties between those maintaining the general ledger and/or performing reconciliations and those making deposits and signing checks.

Update: Since we are a small town with our clerk/treasurer as the only administrative and bookkeeping employee, we do not have a way of segregating duties. However, we will try to find ways to establish better oversight procedures.

Current Year Findings

2023-1: Segregation of duties

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

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

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

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

Recommendation: To ensure the Town has the proper control structure in place, which ensures the continuity of the Town's operations, we recommend that a Council member, other than the employee who is a signer on the account, and performs the above duties, receive monthly statements, directly from the bank, and review them for unusual transactions. We recommend they be filed with the treasurer's report at each meeting.

Responsible Official's Response: The entity concurs with the recommendation and will strive to implement procedures to help mitigate the risks associated with the lack of segregation of duties.

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED JUNE 30, 2023

	General Fund			
	Budgeted Amounts			Budget Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
Tax revenues	\$ 69,000	\$ 69,000	\$ 70,684	\$ 1,684
Shared taxes	66,800	66,800	73,568	6,768
Other income	5,000	5,000	11,960	6,960
Donations and private grants	5,200	5,200	12,108	6,908
Grants	28,739	28,739	43,029	14,290
Interest	2,500	2,500	3,135	635
Total revenues	177,239	177,239	214,484	37,245
Expenditures				
General government	79,139	79,139	42,679	36,460
Fire department	24,000	24,000	24,329	(329)
Street department	36,000	36,000	31,616	4,384
Capital outlay	-	-	45,412	(45,412)
Total expenditures	139,139	139,139	144,036	(4,897)
Excess of revenues over/(under) expenditures	38,100	38,100	70,448	32,348
Fund balance, beginning of year	459,201	459,201	490,161	30,960
Fund balance, end of year	\$ 497,301	\$ 497,301	\$ 560,609	\$ 63,308

Amounts reported for general fund cash fund in the Balance Sheet of Governmental Funds is different because this schedule is prepared on a regulatory basis of accounting. The differences are attributable to:

Transfers	(15,352)
Fund Balance - General Fund	<u>\$ 545,258</u>