

AUDIT REPORT

TOWN OF LAHOMA, OKLAHOMA

JUNE 30, 2023



April Adams CPA PLLC
PO Box 1355
Ponca City, Oklahoma 74602
Phone: (580) 762-1040
Fax: (580) 762-1047

TOWN OF LAHOMA, OKLAHOMA
JUNE 30, 2023

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TOWN OF LAHOMA, OKLAHOMA
LIST OF BOARD MEMBERS
JUNE 30, 2023

LIST OF BOARD MEMBERS

<u>NAME</u>	<u>POSITION</u>
Lila Logan-Jansonius	Chairman
Milt David Jr.	Vice Chairman
Michelle Maxey	Trustee
Katie Pheatt	Trustee
Christian Gunning	Trustee
Kay Davidson	Town Treasurer
Danielle Bergdall	Town Clerk

Unaudited

April Adams CPA PLLC

PO Box 1355

Ponca City, Oklahoma 74602

Phone: (580) 762-1040

Fax: (580) 762-1047

Email: cpa@apriladamscpa.com

INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Lahoma, Oklahoma

Report on the Audit of the Financial Statements

Opinions

I have audited the 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 Lahoma, 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 Lahoma's basic financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities, the business-type activities and each major fund of the Town of Lahoma 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 accordance with modified cash basis of accounting described in Note 1.

Basis for Opinions

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

Emphasis of Matter - Basis of Accounting

I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinion is not modified with respect to this matter.

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PO Box 1355

Ponca City, Oklahoma 74602

Phone: (580) 762-1040

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Email: cpa@apriladamscpa.com

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, I

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Lahoma'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,

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as well as evaluate the overall presentation of the financial statements.

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

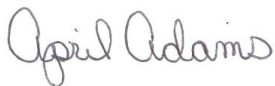
I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Supplementary and Other Information

The introductory and other supplementary information sections listed in the accompanying table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Town. Such additional information has not been subjected to the auditing procedures applied in my audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated August 24, 2023, on my consideration of the Town of Lahoma's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Lahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Lahoma's internal control over financial reporting and compliance.



April Adams CPA PLLC

Ponca City, Oklahoma

August 24, 2023

TOWN OF LAHOMA, OKLAHOMA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2023

	Governmental Activities	Business-Type Activities	2023 Total
<u>ASSETS</u>			
<u>Current Assets:</u>			
Cash and cash equivalents	\$ 388,078	\$ 32,373	\$ 420,451
Certificates of Deposit	85,697	-	85,697
Due from other funds	-	-	-
Total Current Assets	473,775	32,373	506,147
<u>Capital Assets:</u>			
Capital Assets, net of Accum. Depreciation	351,771	768,461	1,120,232
Total Capital Assets	351,771	768,461	1,120,232
TOTAL ASSETS	825,545	800,834	1,626,379
<u>LIABILITIES</u>			
<u>Current Liabilities:</u>			
Due to other funds	-	-	-
Current Portion of Long-Term Debt	-	-	-
Meter Deposits	-	17,459	17,459
Total Current Liabilities	-	17,459	17,459
<u>Long-Term Liabilities:</u>			
Capital Lease Obligations	-	-	-
Less: Current Portion of Long-Term Debt	-	-	-
Total Long-Term Liabilities	-	-	-
TOTAL LIABILITIES	-	17,459	17,459
<u>NET POSITION</u>			
Net investment in capital assets	351,771	768,461	1,120,232
Restricted for:			
Debt Service	-	-	-
Other Purposes	70,326	-	-
Unrestricted	403,448	14,914	418,362
TOTAL NET POSITION	\$ 825,545	\$ 783,375	\$ 1,608,921

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

TOWN OF LAHOMA, OKLAHOMA
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General Government	\$ 165,139	\$ -	\$ -	\$ 403,592	\$ 238,453
Public Safety	241,071	199,649	10,053	15,000	(16,370)
Street & Alley	15,025	-	-	-	(15,025)
Parks & Recreation	3,928	-	-	-	(3,928)
Total Governmental Activities	<u>425,163</u>	<u>199,649</u>	<u>10,053</u>	<u>418,592</u>	<u>203,130</u>
Business-type activities:					
Water	117,067	91,438	-	-	(25,630)
Sanitation	57,062	66,759	-	-	9,697
Sewer	27,575	38,921	-	-	11,346
Depreciation	24,471	-	-	-	(24,471)
Total Business-type Activities	<u>226,175</u>	<u>197,118</u>	<u>-</u>	<u>-</u>	<u>(29,057)</u>
Total	<u><u>\$ 651,338</u></u>	<u><u>\$ 396,767</u></u>	<u><u>\$ 10,053</u></u>	<u><u>\$ 418,592</u></u>	<u><u>\$ 174,073</u></u>

Changes in Net Position:

	Governmental Activities	Business-Type Activities	Total
Net (expense)/revenue	\$ 203,130	\$ (29,057)	\$ 174,073
General revenues:			
Taxes:			
Sales Tax	212,646	-	212,646
Franchise Tax	18,664	-	18,664
Use Tax	112,323	-	112,323
Tobacco Tax	1,428	-	1,428
Intergovernmental:			
Alcoholic Beverage Tax	3,517	-	3,517
Motor Vehicle Tax	3,777	-	3,777
Gasoline Excise Tax	926	-	926
Rental Income	1,810	-	1,810
Miscellaneous Income	26,304	3,325	29,629
Interest Income	1,174	45	1,218
Transfers - Internal Activity	(349,200)	349,200	-
Total general revenues & transfers	<u>33,370</u>	<u>352,570</u>	<u>385,940</u>
Changes in net position	<u>236,500</u>	<u>323,513</u>	<u>560,013</u>
Net position - beginning	584,545	459,863	1,044,408
Net position - prior year adjustment	4,500	-	4,500
Net position - ending	<u><u>\$ 825,545</u></u>	<u><u>\$ 783,375</u></u>	<u><u>\$ 1,608,921</u></u>

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

**TOWN OF LAHOMA, OKLAHOMA
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General Fund	Municipal Court Fund	CDBG Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 308,370	\$ 26,339	\$ 100	\$ 53,268	\$ 388,078
Certificate of Deposit	85,697	-	-	-	85,697
Due from other funds	-	-	-	-	-
TOTAL ASSETS	\$ 394,067	\$ 26,339	\$ 100	\$ 53,268	\$ 473,775
LIABILITIES & FUND EQUITY					
LIABILITIES:					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-
FUND BALANCES:					
Nonspendable	-	-	-	-	-
Restricted	70,326	-	-	-	70,326
Committed	5,648	-	-	-	5,648
Assigned	-	26,339	100	53,268	79,707
Unassigned	318,093	-	-	-	318,093
TOTAL FUND BALANCES	394,067	26,339	100	53,268	473,775
TOTAL LIABILITIES AND FUND BALANCES	\$ 394,067	\$ 26,339	\$ 100	\$ 53,268	

Reconciliation to Statement of Net Position:

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

Capital assets used in governmental activities of \$1,089,728, net of accumulated depreciation of \$737,957, are not financial resources and, therefore, are not reported in the funds.	351,771
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Some liabilities, including capital debt obligations payable, are not due and payable in the current period and therefore are not reported in the funds.	-
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Net Position of Governmental Activities	\$ 825,545
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The accompanying notes are an integral part of the basic financial statements.

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

	General Fund	Municipal Court Fund	CDBG Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES:</u>					
Taxes:					
Sales Tax	\$ 212,646	\$ -	\$ -	\$ -	\$ 212,646
Franchise Tax	18,664	-	-	-	18,664
Use Tax	112,323	-	-	-	112,323
Tobacco Tax	1,428	-	-	-	1,428
Intergovernmental:					
Alcoholic Beverage Tax	3,517	-	-	-	3,517
Motor Vehicle Tax	3,777	-	-	-	3,777
Gasoline Excise Tax	926	-	-	-	926
Grant Income	25,053	-	349,200	54,392	428,645
Police Fines	-	199,649	-	-	199,649
Rental Income	1,810	-	-	-	1,810
Miscellaneous Income	26,304	-	-	-	26,304
Interest Income	1,149	-	-	25	1,174
TOTAL REVENUES	407,598	199,649	349,200	54,417	1,010,863
<u>EXPENDITURES:</u>					
Current:					
General Government	161,223	-	-	2,000	163,223
Public Safety - Police	189,507	19,116	-	-	208,623
Public Safety - Fire	17,739	-	-	-	17,739
Street & Alley	10,390	-	-	-	10,390
Parks & Recreation	976	-	-	-	976
Debt Service	-	-	-	-	-
Capital Outlay	5,377	-	-	72,750	78,127
TOTAL EXPENDITURES	385,213	19,116	-	74,750	479,079
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	22,385	180,533	349,200	(20,333)	531,784
<u>OTHER FINANCING SOURCES (USES):</u>					
Operating Transfers In	177,887	-	-	14,700	192,587
Operating Transfers Out	(14,700)	(175,887)	(349,200)	(2,000)	(541,787)
Capital Debt Proceeds	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	163,187	(175,887)	(349,200)	12,700	(349,200)
NET CHANGES IN FUND BALANCES	185,572	4,645	-	(7,633)	182,584
FUND BALANCE - BEGINNING OF YEAR	203,995	21,694	100	60,902	286,690
FUND BALANCE - PRIOR YEAR ADJUSTMENT	4,500	-	-	-	4,500
FUND BALANCE - END OF YEAR	\$ 394,067	\$ 26,339	\$ 100	\$ 53,268	\$ 473,775

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

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

Reconciliation to Statement of Activities:

Net change in fund balances - total governmental funds	\$ 182,584
Amounts reported for governmental activities in the Statement of Activities are different because:	
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:	
Capital debt obligation principal payments	-
Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of assets. Thus the change in net position differs from the change in fund balance by the basis of the asset sold.	-
Issuance of new capital debt obligations is recorded as capital debt proceeds in the governmental funds, but the proceeds create long-term liabilities in the Statement of Net Position:	
Capital Debt Proceeds	-
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	78,127
Depreciation expense	<u>(24,211)</u>
Change in Net Position of Governmental Activities	<u>\$ 236,500</u>

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

TOWN OF LAHOMA, OKLAHOMA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
JUNE 30, 2023

	Lahoma Public Works Authority	Lahoma Economic Development Authority	Total Enterprise Funds
<u>ASSETS</u>			
Current Assets:			
Cash and cash equivalents	\$ 22,352	\$ 10,021	\$ 32,373
Total Current Assets	22,352	10,021	32,373
Noncurrent Assets:			
Other capital assets, net of accumulated depreciation	768,461	-	768,461
Total Noncurrent Assets	768,461	-	768,461
TOTAL ASSETS	790,813	10,021	800,834
<u>LIABILITIES & FUND EQUITY</u>			
Current Liabilities:			
Current Portion of Long-Term Debt	-	-	-
Meter Deposits	17,459	-	17,459
Total Current Liabilities	17,459	-	17,459
Noncurrent Liabilities:			
Long-Term Debt	-	-	-
Less: Current Portion of Long-Term Debt	-	-	-
Total Noncurrent Liabilities	-	-	-
TOTAL LIABILITIES	17,459	-	17,459
NET POSITION:			
Net investment in capital assets	768,461	-	768,461
Restricted for debt service	-	-	-
Unrestricted	4,893	10,021	14,914
TOTAL NET POSITION	\$ 773,354	\$ 10,021	\$ 783,375

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

TOWN OF LAHOMA, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Lahoma Public Works Authority	Lahoma Economic Development Authority	Total Enterprise Funds
<u>OPERATING REVENUES:</u>			
Water Income	\$ 91,438	\$ -	\$ 91,438
Sanitation Income	66,759	-	66,759
Sewer Income	38,921	-	38,921
Other Income	3,325	-	3,325
TOTAL OPERATING REVENUES	200,443	-	200,443
<u>OPERATING EXPENSES:</u>			
Water	117,067	-	117,067
Sanitation	57,062	-	57,062
Sewer	27,575	-	27,575
Depreciation Expense	24,471	-	24,471
TOTAL OPERATING EXPENSES	226,175	-	226,175
NET OPERATING INCOME (LOSS)	(25,732)	-	(25,732)
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	35	10	45
Interest Expense	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	35	10	45
NET INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	(25,697)	10	(25,687)
Capital Contributions	-	-	-
Transfers in	349,200	-	349,200
Transfers out	-	-	-
CHANGE IN NET POSITION	323,503	10	323,513
TOTAL NET POSITION - BEGINNING	449,852	10,011	459,863
TOTAL NET POSITION - PRIOR YEAR ADJUSTMENT	-	-	-
TOTAL NET POSITION - ENDING	\$ 773,354	\$ 10,021	\$ 783,375

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

TOWN OF LAHOMA, OKLAHOMA
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Lahoma Public Works Authority	Lahoma Economic Development Authority	Total Enterprise Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Receipts from Customers	\$ 200,443	\$ -	\$ 200,443
Payments to Suppliers, Employees & Laborers	(201,704)	-	(201,704)
Receipts of Customer Utility Deposits, Net of Refunds	1,265	-	1,265
Net Cash Provided (Used) by Operating Activities	4	-	4
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Operating Transfers in	349,200	-	349,200
Operating Transfers Out	-	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	349,200	-	349,200
<u>Cash Flows from Capital & Related Financing Activities:</u>			
Additions to Capital Assets	(352,759)	-	(352,759)
Insurance Proceeds	-	-	-
Principal paid on Long-Term Debt	-	-	-
Interest Expense	-	-	-
Net Cash Provided (Used) by Capital & Related Financing Activities	(352,759)	-	(352,759)
<u>Cash Flows from Investing Activities:</u>			
Interest Income	35	10	45
Net Cash Provided (Used) by Investing Activities	35	10	45
Net Increase (Decrease) in Cash and Cash Equivalents	(3,520)	10	(3,510)
Cash & Cash Equivalents, Beginning of Year	25,872	10,011	35,883
Cash & Cash Equivalents, Prior Year Adjustment	-	-	-
Cash & Cash Equivalents, End of Year	<u>\$ 22,352</u>	<u>\$ 10,021</u>	<u>\$ 32,373</u>
<u>Reconciliation of operating income (loss) to net cash provided operating activities:</u>			
Operating Income (Loss)	\$ (25,732)	\$ -	\$ (25,732)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation Expense	24,471	-	24,471
Increase(Decrease) in Meter Deposits	1,265	-	1,265
Net Cash Provided (Used) by Operating Activities	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 4</u>

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

TOWN OF LAHOMA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 1.C, 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 measurement and recognition criteria of the modified cash basis of accounting.

A. FINANCIAL REPORTING ENTITY

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

Primary Government:	Town of Lahoma
Blended Component Units:	Lahoma Public Authority (LPWA)
	Lahoma Economic Development Authority (LEDA)

PRIMARY GOVERNMENT

The Town operates under the "Town Board of Trustees" form of government and provides the following services: public safety (police and fire), highways and streets, sanitation, sewer, water, parks and recreation and general administrative services. The following is a summary of the more significant accounting policies of the Town.

BLENDED COMPONENT UNITS

A blended component unit is a separate legal entity for which the elected officials of the primary government are financially accountable and that meets the blended component unit criteria. A blended component unit meets at least one of the following criteria: (a) the blended component unit's governing body is the same or substantially the same as the Town Council, and there is a financial benefit or burden relationship with the Town, or Town management has operational responsibility for the component unit; (b) the component unit provides services entirely or almost entirely to the Town; or (c) the component unit's debt is expected to be repaid entirely or almost entirely with resources of the Town. The blended component unit's funds are blended into those of the Town by appropriate fund type to constitute the primary government presentation. The Town's blended component units are presented subsequently:

TOWN OF LAHOMA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Lahoma Public Works Authority

The Lahoma Public Works Authority (LPWA) is a public trust created under authority of and pursuant to Oklahoma Statutes. The Trust has as its purpose to develop, construct, plan, establish, install, enlarge, improve, maintain, equip, operate, control and regulate utility facilities whether water, sewage, garbage, trash disposal recreation and industrial facilities, or other forms or types of public and municipal services within the boundaries of the Lahoma Public Works Authority.

Lahoma Economic Development Authority

The Lahoma Economic Development Authority (LEDA) is a public trust created under authority of and pursuant to Oklahoma Statutes. The Trust has as its purpose to assist the Town of Lahoma (the "Beneficiary"), governmental agencies and private enterprises in making the most efficient use of their resources and powers in providing, expanding, improving and operating and maintaining utility service of whatever nature, including, but without limitation water, sewer, garbage, trash disposal, gas and electric, within and without the territorial limits of the Beneficiary in furtherance of the promotion of public safety, health, welfare and employment of the residents of the Beneficiary, and the economic development of the Beneficiary.

B. BASIS OF PRESENTATION

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole within the limitations of the modified cash basis of accounting. 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, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed, in whole or in part, by fees charges to external parties for goods or services.

Fund Financial Statements

The accounts of the Town are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the

TOWN OF LAHOMA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

financial statements in this report, into two broad fund types as follows:

GOVERNMENTAL FUND TYPES

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of the specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

PROPRIETARY FUND TYPES

Enterprise Funds

Enterprise funds are used to account for the acquisition, operation and maintenance of Town facilities which are financed primarily by user charges. The Enterprise funds are accounted for similar to activities of the private sector. The measurement focus is upon determination of net income, financial position and changes in financial position. The Lahoma Public Works Authority is accounted for as the Town's Enterprise Fund.

Lahoma Public Works Authority	Accounts for the activities of the public trust in providing water and sewer services to the public.
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C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

Measurement Focus

In the government-wide State of Net Position and Statement of Activities, both governmental and business-like activities are presented used the economic resources measurement focus, within the limitations of the modified cash basis of accounting, subsequently defined in item (b).

TOWN OF LAHOMA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 determinations 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 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, 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 assets and their related revenues (such as accounts receivable and revenue billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, 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 adjustment to fair value.

TOWN OF LAHOMA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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.

D. FINANCIAL POSITION

CASH AND CASH EQUIVALENTS:

For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of 3 months or less.

INVESTMENTS:

Investments classified in the financial statements consist entirely of certificates of deposit acquired with cash whose original maturity term exceeds three months. Investments are carried at cost, which approximates fair value.

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. 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, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$500 is used to report capital assets. The range of estimates useful lives by type of asset is as follows:

TOWN OF LAHOMA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

<u>Asset</u>	<u>Years</u>
Buildings	50
Machinery, furniture, and equipment	7-30
Utility property and improvements	15-50

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 accounted for the same as in the government-wide statements.

LONG-TERM DEBT

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 the 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 (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

TOWN OF LAHOMA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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.

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

Fund Financial Statements

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

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

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

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

The purposes of each major special revenue fund and revenue source is listed below:

TOWN OF LAHOMA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Municipal Court Fund	Police Fines
CDBG Fund	CDBG Grant Income

The financial statements do not include all financial activity of the Municipal Court Fund.

USE OF 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 (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from these estimates.

NOTE 2 - CASH AND INVESTMENTS

Custodial Credit Risk

At June 30, 2023, the Town held deposits of approximately \$506,147 at financial institutions. The Town's cash deposits, including interest-bearing certificates of deposit are covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the Town or by its agent in the Town's name.

Investment Interest Rate Risk

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

Investment Credit Risk

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

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.

TOWN OF LAHOMA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

- d. County, municipal or school Town 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 Town.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

At June 30, 2023, the primary government held the following deposits and investments:

Type	Weighted Average Maturity (Months)	Credit Rating	Total Carrying Value
Deposits:			
Demand deposits			\$ 420,451
Investments:			
Certificates of deposit	2.71	N/A	\$ 85,697
Total Investments			
Total deposits and investments			<u>\$ 506,147</u>

Reconciliation to Statement of Net Position	
Governmental activities - Unrestricted Cash	\$ 388,078
Business-type activities - Unrestricted Cash	\$ 32,373
Governmental activities - Investments	\$ 85,697
Total Investments	<u>\$ 506,147</u>

Concentration of Investment Credit Risk

The Town places no limit on the amount it may invest in any one issuer. The Town has the following of credit risk: 100% in CDs (\$85,697).

TOWN OF LAHOMA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - CAPITAL ASSETS

Governmental activities:

	Balance 7/1/22	Additions	Deductions	Balance 6/30/23
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Other capital assets:				
Buildings	146,709	-	-	146,709
Other improvements	292,585	65,350	-	357,935
Machinery & Equipment	218,554	5,377	-	223,932
Infrastructure	353,752	7,400	-	361,152
Total depreciable capital assets	1,011,600	78,127	-	1,089,728
Less: Accum. Depreciation for:				
Buildings	82,452	2,062	-	84,514
Other improvements	223,803	1,820	-	225,623
Machinery & Equipment	98,732	15,740	-	114,472
Infrastructure	308,759	4,590	-	313,349
Total Accumulated Depreciation	713,746	24,211	-	737,957
Governmental Activities Capital Assets, Net	\$ 297,855	\$ 53,916	\$ -	\$ 351,771

Business-type Activities:

	Balance 7/1/22	Additions	Deductions	Balance 6/30/23
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	47,500	349,200	-	396,700
Total capital assets not being depreciated	47,500	349,200	-	396,700
Other capital assets:				
Buildings	14,000	-	-	14,000
Water System	587,242	3,559	-	590,801
Sewer System	432,920	-	-	432,920
Machinery & Equipment	97,274	-	-	97,274
Total depreciable capital assets	1,131,436	3,559	-	1,134,996
Less: Accum. Depreciation for:				
Buildings	8,400	280	-	8,680
Water System	313,545	13,129	-	326,674
Sewer System	341,820	7,656	-	349,476
Machinery & Equipment	74,998	3,406	-	78,404
Total Accumulated Depreciation	738,763	24,471	-	763,234
Business-Type Activities Capital Assets, Net	\$ 440,173	\$ (20,911)	\$ -	\$ 768,461

TOWN OF LAHOMA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

Primary Government:

Governmental Activities:

General Government	\$ 1,916
Public Safety	14,709
Street & Alley	4,635
Parks & Recreation	2,952
Total depreciation expense for governmental activities	<u>\$ 24,211</u>

Business-type Activities:

Water	\$ 13,129
Sewer	7,656
Other	3,686
Total depreciation expense for business-type activities	<u>\$ 24,471</u>

NOTE 4 - LONG-TERM DEBT

The Town, LPWA and LEDA currently have no long-term debt obligations.

NOTE 5 - PENSION PLAN PARTICIPATION

OKLAHOMA MUNICIPAL RETIREMENT FUND:

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

The OMRF contributions for 2023, 2022 and 2021, respectively, for the Town and employees, were \$3,150, \$11,950 and \$12,250.

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

TOWN OF LAHOMA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

OKLAHOMA FIREFIGHTER'S PENSION AND RETIREMENT SYSTEM (OFPRS):

Description of the Plan

The Town participates in the Oklahoma Firefighter's Pension and Retirement System (OFPRS), a statewide cost-sharing, multiple-employer, defined benefit plan, on behalf of volunteer firefighters. Participation in the System is open to all full-time or volunteer firefighters of a participating municipality hired before age 45. Contribution rates for full-time and volunteer firefighters are set by state statute. The System is supported by employee contributions, municipal contributions, and state appropriations.

Benefits under the System are vested after 10 years of credited service. Volunteers may receive benefits after obtaining 20 years of credited service. Benefits are determined at the rate of \$5.46 per month per year of credited service, with a maximum of 30 years considered. The Oklahoma Firefighter's Pension and Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the fund. That report may be obtained by writing to Oklahoma Firefighters Pension and Retirement System, 4545 North Lincoln Blvd., Suite 265, Oklahoma City, Oklahoma 73105-3414, or by calling 1-800-525-7461. That report is also available at www.ok.gov/fprs under the "GASB" tab labeled "2014-GASB 68 Accounting Supplement".

Funding Policy

OFPRS plan members that are volunteer firefighters are not required to contribute to the plan. The Town is required by state law to contribute \$60 per year for each volunteer firefighter. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriation, as necessary.

The OFPRS contributions for 2023, 2022 and 2021, respectively, were \$720.00, \$900.00, and \$720.00.

NOTE 6 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases commercial insurance to reduce their risk of loss, including workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

TOWN OF LAHOMA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 - COMMITMENTS AND CONTINGENCIES

GRANT PROGRAMS

The Town participates in certain federal and state grant programs as available; currently the town is not participating in any ongoing programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grant. The amount of expenditures that may be disallowed by the granting agency cannot be determined at this time, although it is believed by the Town that the amount, if any, would not be significant.

LITIGATION

The Town may be party to various legal proceedings that normally occur in the course of governmental operations. As a result of the Town's use of the modified cash basis of accounting, the financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a Town "Sinking Fund" for the payment of any court-assessed judgment rendered against the Town. Although the outcome of the previously noted proceedings cannot be predicted due to the insurance coverage maintained by the Town and the State statute relating to judgments, the Town believes that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the Town.

NOTE 8 - OPERATING TRANSFERS

Interfund operating transfers for the year ended June 30, 2023, were as follows:

TOWN OF LAHOMA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

OPERATING TRANSFERS:	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
GENERAL:		
Municipal Court Fund	\$ 175,887.45	\$ -
Grant Fund	-	-
Public Safety/Town Improvement Fund	2,000.00	14,700.00
CDBG Fund	-	349,200.00
Lahoma Public Works Authority	-	-
Lahoma Economic Development Authority	-	-
Total General Fund	<u>\$ 177,887.45</u>	<u>\$ 363,900.00</u>
SPECIAL REVENUE FUNDS:		
Municipal Court Fund:		
General Fund	\$ -	\$ 175,887.45
Grant Fund:		
General Fund	-	-
Public Safety/Town Improvement Fund:		
General Fund	14,700.00	2,000.00
CDBG Fund:		
General Fund	-	-
Lahoma Public Works Authority	-	-
Total Special Revenue Funds	<u>\$ 14,700.00</u>	<u>\$ 177,887.45</u>
ENTERPRISE FUNDS		
Lahoma Public Works Authority:		
General Fund	\$ -	\$ -
CDBG Fund	349,200.00	-
Lahoma Economic Development Authority:		
General Fund	-	-
Total Enterprise Funds	<u>\$ 349,200.00</u>	<u>\$ -</u>
	<u>\$ 541,787.45</u>	<u>\$ 541,787.45</u>

NOTE 9 - SUBSEQUENT EVENTS

The Town did not have any subsequent events through August 24, 2023, which is the date the financial statements were issued, for events requiring recording or disclosure in the financial statements for the year ending June 30, 2023.

NOTE 10 - PRIOR YEAR ADJUSTMENTS

The Town made a prior year adjustment of \$4,500 to the Governmental Funds to void check 8866 from a previous year.

April Adams CPA PLLC

PO Box 1355

Ponca City, Oklahoma 74602

Phone: (580) 762-1040

Fax: (580) 762-1047

Email: cpa@apriladamscpa.com

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 Board of Trustees
Town of Lahoma, Oklahoma

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the 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 Lahoma, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles, which collectively comprise the Town of Lahoma, Oklahoma's basic financial statements, and have issued my report thereon dated August 24, 2023.

Internal Control Over Financial Reporting

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations,

April Adams CPA PLLC

PO Box 1355

Ponca City, Oklahoma 74602

Phone: (580) 762-1040

Fax: (580) 762-1047

Email: cpa@apriladamscpa.com

during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control described in the accompanying Schedule of Findings as Item 2023-01 that I consider to be significant deficiencies.

Compliance and Other Matters


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

Town of Lahoma's Response to Findings

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

Purpose of this Report

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



April Adams CPA PLLC
Ponca City, Oklahoma

August 24, 2023

TOWN OF LAHOMA, OKLAHOMA
SCHEDULE OF FINDINGS
JUNE 30, 2023

INTERNAL CONTROL FINDINGS:

Item 2023-01: Segregation of Duties

Criteria: The segregation of duties is important to have adequate control over financial assets.

Condition: The Town of Lahoma has the same employees performing work normally segregated between two or more employees.

Cause/Effect: The Town of Lahoma's small size limits the amount of staffing needed to properly segregate accounting functions. The lack of segregation of duties could increase the risk that misstatements material to the financial statements could occur and not be detected within a timely manner.

Recommendation: The lack of segregation of duties is a common deficiency in Town's the size of Lahoma. The governing body should be aware of the increased risk and develop policies and procedures to reduce the effect of the internal control deficiency.

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

COMPLIANCE FINDINGS:

None

TOWN OF LAHOMA, OKLAHOMA
 COMBINING BALANCE SHEET - MODIFIED CASH BASIS
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

	<u>SPECIAL REVENUE FUNDS</u>		Total
	Public Safety/ Town Improvement Fund	Grant Fund	Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 19,645	\$ 33,623	\$ 53,268
Investments	-	-	-
TOTAL ASSETS	\$ 19,645	\$ 33,623	\$ 53,268
<u>LIABILITIES & FUND EQUITY</u>			
<u>LIABILITIES:</u>			
Payroll Taxes Payable	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-
<u>FUND BALANCES:</u>			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	19,645	33,623	53,268
Unassigned	-	-	-
TOTAL FUND BALANCES	19,645	33,623	53,268
TOTAL LIABILITIES AND FUND BALANCES	\$ 19,645	\$ 33,623	\$ 53,268

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

TOWN OF LAHOMA, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	SPECIAL REVENUE FUNDS		Total
	Public Safety/ Town Improvement Fund	Grant Fund	Nonmajor Governmental Funds
<u>REVENUES:</u>			
Grant Income	\$ -	54,392	\$ 54,392
Miscellaneous Income	-	-	-
Interest Income	25	-	25
TOTAL REVENUES	25	54,392	54,417
<u>EXPENDITURES:</u>			
General Government	-	2,000	2,000
Public Safety - Fire	-	-	-
Capital Outlay	-	72,750	72,750
TOTAL EXPENDITURES	-	74,750	74,750
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	25	(20,358)	(20,333)
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating Transfers In	14,700	-	14,700
Operating Transfers Out	(2,000)	-	(2,000)
TOTAL OTHER FINANCING SOURCES (USES)	12,700	-	12,700
NET CHANGES IN FUND BALANCES	12,725	(20,358)	(7,633)
FUND BALANCE - BEGINNING OF YEAR	6,920	53,981	60,902
FUND BALANCE - PRIOR YEAR ADJUSTMENT	-	-	-
FUND BALANCE - END OF YEAR	\$ 19,645	\$ 33,623	\$ 53,268

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