

**TOWN OF FORT COBB  
Fort Cobb, Oklahoma**

**ANNUAL FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED JUNE 30, 2024**

BY



**Town of Fort Cobb**  
**Fort Cobb, Oklahoma**  
**Year Ended June 30, 2024**

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**Town of Fort Cobb**  
**Fort Cobb, Oklahoma**  
**Year Ended June 30, 2024**

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Town of Fort Cobb  
Fort Cobb, Oklahoma

### Report on the Audit of the Financial Statements

#### Adverse Opinion

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 Fort Cobb, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Fort Cobb's basic financial statements as listed in the table of contents.

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on the Financial Statements as a Whole section of our report, the financial statements referred to above do not present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Fort Cobb, as of June 30, 2024, and the respective changes in modified cash basis financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

#### Basis for Adverse Opinion on the Financial Statements as a Whole

Management was not able to present financial statements that are free from material misstatements. During the course of our audit, it was discovered that unjustified adjustments were made to the financial statements. Because these adjustments lack proper justification, management could not determine how these adjustments affected income and expense accounts. Therefore, we are unable to place reliance on any of the financial information presented in this report.

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

## **Emphasis of Matter – Basis of Accounting**

We 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. Our opinions are not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about Town of Fort Cobb's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **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 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Fort Cobb, Oklahoma's basic financial statements. The accompanying General Fund budgetary comparison schedule, the schedule of grant activity, the schedule of federal awards as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of expenditures of state and other awards are 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 and certain additional procedures, including comparing and reconciling such information directly 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2024 on our consideration of the Town of Fort Cobb'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 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 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 of Fort Cobb's internal control over financial reporting and compliance.

*Furrh & Associates, PC*

FURRH & ASSOCIATES, PC  
Lawton, Oklahoma  
November 25, 2024

# Town of Fort Cobb, OK

## Statement of Net Position

(Modified Cash Basis)

June 30, 2024

	Primary Government		
	Governmental	Business Type	
	Activities	Activities	Total
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 344,631	\$ 305,119	\$ 649,750
Accounts Receivable	0	37,907	37,907
Allowance for Doubtful Accounts	0	(8,446)	(8,446)
Prepaid Expenses	7,750	1,681	9,431
Deferred Inflow - Fire Tax	3,152	0	3,152
Due from Other Funds	10,994	530	11,524
OMAG Escrow	33,239	0	33,239
Capital Assets	1,292,657	1,363,518	2,656,175
Accumulated Depreciation	(641,682)	(299,803)	(941,485)
 Total Assets	 \$ 1,050,741	 \$ 1,400,506	 \$ 2,451,247
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 3,950	\$ 6,780	\$ 10,730
Payroll Liabilities	2,620	12,203	14,823
Due to Other Funds	2,421	0	2,421
Deferred Outflow - Fire Tax	3,152	0	3,152
Meter Deposits	0	17,637	17,637
 Total Liabilities	 12,143	 36,620	 48,763
<b><u>Net Position</u></b>			
Invested in Capital	650,975	1,063,715	1,714,690
Restricted	283,590	17,214	300,804
Unrestricted	104,033	282,957	386,990
 Total Net Position	 1,038,598	 1,363,886	 2,402,484
 Total Liabilities & Net Position	 \$ 1,050,741	 \$ 1,400,506	 \$ 2,451,247

Please see accompanying notes to the financial statements.

# Town of Fort Cobb, OK

## Statement of Activities (Modified Cash Basis) Year Ended June 30, 2024

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Enterprise Activities	Total
<b>Primary Government</b>							
Governmental Activities							
General Government	\$ 319,339	\$ 4,744	\$ 0	\$ 147,480	\$ (167,115)	\$ 0	\$ (167,115)
Public Safety - Fire	14,908	243	14,444	0	(221)	0	(221)
Street and Alley	27,000	0	0	0	(27,000)	0	(27,000)
Public Safety - Police	46,191	3,843	0	0	(42,348)	0	(42,348)
Parks - Cemetery	19,469	11,685	3,210	0	(4,574)	0	(4,574)
Community - Community Building	14,251	900	0	0	(13,351)	0	(13,351)
Total Governmental Activities	441,158	21,415	17,654	147,480	(254,609)	0	(254,609)
Enterprise Activities							
Public Works Authority	755,764	351,455	0	1,438,640	0	1,034,331	1,034,331
Total Enterprise Activities	755,764	351,455	0	1,438,640			
Total Primary Government	<u>\$ 1,196,922</u>	<u>\$ 372,870</u>	<u>\$ 17,654</u>	<u>\$ 1,586,120</u>	(254,609)	1,034,331	779,722
			<b>General Revenue</b>				
			Taxes				
			Sales Tax		191,690	0	191,690
			Use Tax		85,743	0	85,743
			Franchise Tax		20,776	0	20,776
			Alcoholic Beverage Tax		8,770	0	8,770
			Motor Vehicle Tax		3,721	0	3,721
			Gas Tax		887	0	887
			Cigarette Tax		1,145	0	1,145
			Miscellaneous Revenue		20,244	5,127	25,371
			Interest Revenue (Expense)		8,244	3,232	11,476
			Total General Revenue		341,220	8,359	349,579
			Net Transfers		1,733	(1,733)	0
			Change in Net Position		88,344	1,040,957	1,129,301
			Net Position, June 30, 2023		954,478	335,361	1,289,839
			Prior Period Adjustment		(4,224)	(12,432)	(16,656)
			Net Position, June 30, 2024		<u>\$ 1,038,598</u>	<u>\$ 1,363,886</u>	<u>\$ 2,402,484</u>

Please see accompanying notes to the financial statements.



**Town of Fort Cobb, OK**  
**Governmental Funds**  
**Balance Sheet**  
**(Modified Cash Basis)**  
**June 30, 2024**

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 59,029	\$ 285,602	\$ 344,631
Due from Other Funds	10,994	0	10,994
OMAG Escrow	33,239	0	33,239
Deferred Inflow - Fire Tax	0	3,152	3,152
	<u>0</u>	<u>3,152</u>	<u>3,152</u>
Total Assets	<u>\$ 103,262</u>	<u>\$ 288,754</u>	<u>\$ 392,016</u>
<b><u>Liabilities and Fund Balances</u></b>			
Deferred Outflow - Fire Tax	\$ 0	\$ 3,152	\$ 3,152
Due to Other Funds	409	2,012	2,421
	<u>409</u>	<u>2,012</u>	<u>2,421</u>
Total Liabilities	409	5,164	5,573
<b>Fund Balances</b>			
Non-spendable	0	0	0
Restricted	0	283,590	283,590
Committed	0	0	0
Assigned	0	0	0
Unassigned	102,853	0	102,853
	<u>102,853</u>	<u>0</u>	<u>102,853</u>
Total Fund Balances	102,853	283,590	386,443
Total Liabilities and Fund Balances	<u>\$ 103,262</u>	<u>\$ 288,754</u>	<u>\$ 392,016</u>

Please see accompanying notes to the financial statements.

**Town of Fort Cobb, OK**  
**Governmental Funds**  
**Balance Sheet**  
**(Modified Cash Basis)**  
**June 30, 2024**

**Reconciliation to Statement of Net Position**

Fund Balances	386,443
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital Assets used in governmental activities of \$1,292,657 Net of Accumulated Depreciation of \$641,682 are not financial resources and, therefore, are not reported in the funds.	650,975
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Prepaid Expenses are not a financial asset	7,750
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The following items are not considered financial liabilities:

Accounts Payable	(3,950)
Accrued Payroll and Compensated Absences	<u>(2,620)</u>

Net Position of Governmental Activities	<u><u>\$ 1,038,598</u></u>
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Please see accompanying notes to the financial statements.

# Town of Fort Cobb, OK

## Governmental Funds

### Statement of Revenue, Expenditures, and Changes in Fund Balance

(Modified Cash Basis)

Year Ended June 30, 2024

	General Fund	Other Governmental Funds	Total Governmental Funds
<b><u>Revenue</u></b>			
Tax Revenue	\$ 283,424	\$ 29,308	\$ 312,732
Grants	147,480	12,494	159,974
Miscellaneous	18,109	2,135	20,244
Cemetery Income	0	11,685	11,685
Donations	0	5,160	5,160
Pound Income	0	3,843	3,843
License and Permits	4,744	0	4,744
Rent Income	900	0	900
Fines	0	243	243
Total Revenue	<u>454,657</u>	<u>64,868</u>	<u>519,525</u>
<b><u>Expenditures</u></b>			
General Government:			
General Government	669,578	47,002	716,580
Public Safety:			
Police	45,815	376	46,191
Fire	7,289	7,619	14,908
Parks:			
Cemetery	0	19,469	19,469
Street and Public Works:			
Streets	23,128	3,872	27,000
Community:			
Community Building	14,251	0	14,251
Total Expenditures	<u>760,061</u>	<u>78,338</u>	<u>838,399</u>
<u>Revenue Over (Under) Expenditures</u>	(305,404)	(13,470)	(318,874)
<u>Other Financing Sources (Uses)</u>			
Interest Income	5,142	3,102	8,244
Transfers In/(Out)	(14,091)	15,824	1,733
Total Other Financing Sources (Uses)	<u>(8,949)</u>	<u>18,926</u>	<u>9,977</u>
<u>Net Changes in Fund Balance</u>	(314,353)	5,456	(308,897)
<u>Fund Balance, June 30, 2023</u>	425,584	278,181	703,765
Prior Period Adjustment	(8,378)	(47)	(8,425)
<u>Fund Balance, June 30, 2024</u>	<u>\$ 102,853</u>	<u>\$ 283,590</u>	<u>\$ 386,443</u>

Please see accompanying notes to financial statements.

**Town of Fort Cobb, OK**  
**Recon. of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities - Modified Cash Basis**  
**For the Year Ended June 30, 2024**

Net Change in Fund Balances - Total Governmental Funds \$ (308,897)

Amounts reported for governmental activities in the Statement of  
Activities are different because:

Governmental funds report capital outlay as expenditures. However, in  
the Statement of Activities, the cost of those assets is allocated over  
their estimated useful lives as depreciation expense. This is the amount  
by which capital outlay exceeded depreciation in the current period.

Capital Outlay	\$ 425,368	
Depreciation	<u>(29,307)</u>	
		396,061

Payroll liabilities not reported of governmental statements.

Compensated Absences & Accrued Payroll	<u>(2,620)</u>	
		(2,620)

Prepaid insurance not reported on governmental statements.

Prepaid Insurance	<u>7,750</u>	
		7,750

Accounts Payable not reported on governmental statements

Accounts Payable	<u>(3,950)</u>	
		<u>(3,950)</u>

Change in Net Assets of governmental activities	<u><u>\$ 88,344</u></u>
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**Town of Fort Cobb, OK**  
**Fort Cobb Public Works Authority**  
**Enterprise Fund**  
**Statement of Net Position**  
**(Modified Cash Basis)**  
**June 30, 2024**

**ASSETS**

Current Assets

Cash and Cash Equivalents	\$ 270,268	
Accounts Receivable	37,907	
Allowance for Doubtful Accounts	(8,446)	
Due from Other Funds	530	
Prepaid Expenses	<u>1,681</u>	
Total Current Assets		\$ 301,940

Noncurrent Assets

Restricted Cash and Cash Equivalents	34,851	
Capital Assets	1,363,518	
Accumulated Depreciation	<u>(299,803)</u>	
Total Noncurrent Assets		<u>1,098,566</u>
Total Assets		<u><u>\$ 1,400,506</u></u>

**LIABILITIES**

Current Liabilities

Payroll Liabilities	\$ 12,203	
Accounts Payable	6,780	
Due to Depositors	<u>17,637</u>	
Total Current Liabilities		<u>\$ 36,620</u>
Total Liabilities		36,620

**NET POSITION**

Invested in Capital Assets, Net of Related Debt	1,063,715	
Restricted due to Meter Fund	17,214	
Unrestricted	<u>282,957</u>	
Total Net Position		<u>1,363,886</u>
Total Net Position and Liabilities		<u><u>\$ 1,400,506</u></u>

Please see accompanying notes to the financial statements.

**Town of Fort Cobb, OK**  
**Fort Cobb Public Works Authority**  
**Enterprise Fund**  
**Statement of Revenue, Expense, and Changes in Net Position**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2024**

**Operating Revenue**

Water Revenue	\$ 179,776	
Garbage Revenue	103,575	
Sewer Revenue	58,480	
Late Charges and Misc. Penalties	8,118	
Miscellaneous Income	5,127	
Meter Deposits	1,506	
Total Operating Revenue	<u>          </u>	\$ 356,582

**Operating Expense**

Personnel Services	120,496	
Contractual Services	68,492	
Maintenance & Operations	55,598	
Depreciation	48,093	
Utilities	45,956	
Support Services	8,687	
Insurance	1,270	
Total Operating Expense	<u>          </u>	<u>348,592</u>

<u>Net Operating Income (Loss)</u>	<u>7,990</u>
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**Nonoperating Revenue (Expense)**

Interest Income	3,232	
Grant Income	1,438,640	
Grant Expenses	<u>(407,172)</u>	

<u>Net Nonoperating Income (Loss)</u>	<u>1,034,700</u>
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<u>Net Revenue (Loss)</u>	<u>1,042,690</u>
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Transfer (to)/from other accounts	(1,733)
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<u>Total Net Position, June 30, 2023</u>	<u>335,361</u>
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Prior Period Adjustment	<u>(12,432)</u>
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<u>Total Net Position, June 30, 2024</u>	<u><u>\$ 1,363,886</u></u>
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Please see accompanying notes to the financial statements.

**Town of Fort Cobb, OK**  
**Fort Cobb Public Works Authority**  
**Enterprise Fund**  
**Statement of Cash Flows**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2024**

**Cash Flows from Operating Activities**

Receipts from Customers	\$ 316,672	
Grant Revenue	1,438,640	
Grant Expense	(407,172)	
Miscellaneous Revenue	5,127	
Operating Expenses	<u>(292,868)</u>	
Net Cash Provided by Operating Activities		1,060,399

**Cash Flows from Investing Activities**

Purchase of Capital Assets	(1,016,450)	
Interest Income	<u>3,232</u>	
Net Cash Provided by Investing Activities		<u>(1,013,218)</u>

Net Increase (Decrease) in Cash and Cash Equivalents 47,181

Cash and Cash Equivalents - June 30, 2023 255,210

Prior Period Adjustment 2,728

Cash and Cash Equivalents - June 30, 2024 \$ 305,119

**Reconciliation of Operating Income to Net Cash Provided by Operating Activities**

Operating Income		\$ 7,990
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities		
Depreciation Expense	48,093	
Increase in Accounts Receivable	(25,087)	
Increase in Allowance for Doubt Accounts	(8,446)	
Increase in Prepaid Expenses	(1,250)	
Increase in Payroll Liabilities	1,554	
Increase from Accounts Payable	4,273	
Decrease in Customer Deposits	1,804	
Grant Activities		
Income from Grants	1,438,640	
Expenses from Grants	<u>(407,172)</u>	
		<u>1,052,409</u>
Net Cash Provided by Operating Activities		<u>\$ 1,060,399</u>

Please see accompanying notes to the financial statements.

**Town of Fort Cobb, OK**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Fort Cobb, Oklahoma (the “Town”) operates under a Council-Manager form of government and provides for the following services as authorized by ordinance: public safety and health; maintenance of highways and streets; culture and recreation; zoning and planning; sanitation services; water distribution; wastewater treatment; and general administration.

The accounting policies and presentation of the basic financial statements of the Town have been prepared in conformity with the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles, as applicable to governments. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies.

**A. Financial Reporting Entity**

In evaluating the Town as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Town may be financially accountable and, as such, should be included within the Town’s financial statements. The Town (the primary government) is financially accountable if it appoints a voting majority of the organization’s governing board and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. The Town’s financial reporting entity is comprised of the following:

*Primary Government:* Town of Fort Cobb  
*Blended Component Unit:* Fort Cobb Public Works Authority

*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 by appropriate activity type to comprise the primary government presentation.

The Fort Cobb Public Works Authority was created to finance, develop and operate the following utility services activities: water, sewer, and garbage. The current Town Council serves as the governing body (Trustees) of the Public Works Authority. The Public Works Authority is reported as proprietary fund.



**Town of Fort Cobb, OK**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

*Discretely Presented Component Units:*

Discretely presented component units are separate legal entities that meet the component unit criteria above but do not meet the criteria for blending. Currently, the Town does not have any discretely presented component units.

**B. Basis of Presentation**

The Town's basic financial statements consist of government-wide statements, including the statement of net position and statement of activities, and fund financial statements, which provide a more detailed level of financial information.

*Government-Wide Financial Statements:*

The government-wide focus is on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The statement of net position and statement of activities display information about the Town as a whole.

These statements include financial activities of the primary government; fiduciary activities, if any, have been excluded. The effect of interfund activity has been removed from these statements. The government-wide statement of activities reflects both expenses and net cost of each function of the Town's governmental activities. Program revenues include charges paid by a recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, such as sales taxes, are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each town function is self-financing or draws from the general revenues of the Town.

*Fund Financial Statements:*

The financial transactions of the Town are recorded in individual funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Fund financial statements are provided for governmental, proprietary, and fiduciary funds. The emphasis of fund financial statements is on major governmental and proprietary funds; therefore, each is displayed in a separate column. All remaining governmental and proprietary funds are aggregated and presented as nonmajor funds.

Funds are classified into the following categories: governmental, proprietary, and fiduciary. Governmental funds are used to account for all or most of a Town's general activities, including the collection and disbursement of earmarked monies (special revenue funds).

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Operating revenues in the proprietary funds are those that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the

**Town of Fort Cobb, OK**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

fund. All other expenses are reported as non-operating. The Town's proprietary funds include the Public Works Authority.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments. As such, fiduciary funds are not reported in the government-wide statements.

**C. Measurement Focus**

The government-wide statements report using the economic resources measurement focus. Proprietary and fiduciary fund financial statements also report using this same focus.

Governmental fund financial statements report using the current financial resources measurement focus. Since the governmental fund financial statements are presented on a different measurement focus than the government-wide statements (due mainly to inclusion of capital assets and long-term debt activity in the town-wide presentation), a reconciliation is presented, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

*Basis of Accounting:*

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported in the financial statements. The Town maintains its accounting records for all funds on the modified cash basis of accounting. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

Modified cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

Proceeds from long-term debt borrowings are included as other financing sources on the fund financial statements on the date received.

Operating revenue reported in proprietary fund financial statements includes revenue and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

*Fund Types and Major Funds:*

The Town reports the following major governmental fund:

**Town of Fort Cobb, OK**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

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 for in another fund.

The Town reports the following major enterprise funds:

The Public Works Authority is used to account for the revenues and expenses associated with providing utility services to the citizens of the Town.

**D. Cash and Investments**

The Town is statutorily limited to investing public funds in insured checking accounts, certificates of deposit, insured savings accounts, savings certificates and U.S. or Oklahoma government obligations. Certificates of deposit are reported at cost.

The Town is also required to secure collateral for invested funds in excess of amounts insured by the Federal Deposit Insurance Corporation or Federal Savings & Loan Insurance Corporation. Acceptable collateral is primarily limited to federal, state, and local government obligations.

**E. Interfund Activities and Balances**

Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which transactions are executed. The Town's policy is to eliminate interfund transfers and balances in the statement of activities and net position to avoid grossing up balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfer and internal balances then offset in the total column in the government-wide statements. Internal transfers and balances between funds are not eliminated in the fund financial statements. The following schedule is a representation of those transfers:

**Town of Fort Cobb, OK**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

Fund	Transfers In	Transfers Out
to General Fund		
from TOFC Grant Fund	\$	\$ 49,542
from FC Reserve		575
to Court Fund		
from Police Fund		193
to TOFC Grant Fund		
from General Fund		82,797
to Public Works Authority		
from PWA Reserve		5,425
from PWA Grant Fund		1,005,878
to Street & Alley Fund		
from General Fund		320
to PWA Reserve		
from Public Works Authority		6,000
to Cemetery M&O		
from General Fund		5,750
from Cemetery Improvement		600
from PWA Grant Fund		
to General Fund	74,751	
from General Fund		
to Court Fund	1,500	
from PWA Grant Fund		
to Pubic Works Authority	1,009,520	
from Public Works Authrority		
to FC Reserve	6,000	
from Public Works Authrority		
to PWA Reserve	6,075	
from General Fund		
to TOFC Grant Fund	53,234	
from General Fund		
to Cemetery M&O	6,000	
	<u>\$ 1,157,080</u>	<u>\$ 1,157,080</u>

**F. Inventories**

Inventories of goods and supplies on hand at year end are not material for the primary government. Therefore, purchases of inventory type items are recorded as expenditures or expenses at the time purchased, and no balances for such inventories on hand are reported.

**Town of Fort Cobb, OK**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

**G. Capital Assets and Depreciation**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, right of ways, and bridges), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund type or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. In the government-wide and proprietary fund financial statements, property, plant and equipment are accounted for as capital assets, net of accumulated depreciation where applicable. In the governmental fund financial statements, capital assets acquired are accounted for as capital outlay expenditures and not reported as capital assets.

Capital assets consist of building improvements, infrastructure (runway) and machinery and equipment. The Town does have a formal capital asset policy. Any asset that exceeds \$1,000 is capitalized. Capital assets are reported at actual or estimated historical cost.

The cost of normal maintenance and repair that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building Improvements	39
Land Improvements	20
Machinery and Equipment	20
Furniture and Fixtures	10

**H. Compensated Absences**

Under terms of Town personnel policies, Town employees are granted vacation, sick, and personal leave in varying amounts, based on the length of employment. Employees can accumulate up to 65 hours of vacation leave. Under the modified cash basis of accounting, the Town does not record any accrued compensated absences. Those benefits utilized in the current year are recorded through payroll.

In the event of termination, an employee is paid for accumulated vacation time. No accumulated sick leave or personal leave will be paid to an employee upon termination of employment. The Town was able to calculate the year end liability balance.

**Town of Fort Cobb, OK**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

**I. Long-Term Debt**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund, statement of net position.

**J. Concentration of Credit Risk**

All users of the Town's utility services are located within the same geographic area within Caddo County, Oklahoma.

**K. Fund Equity**

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. *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.
- b. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* - All other net position that does not meet the definition of "restricted" or "net investment in capital assets." It is the Town's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Financial Statements:

Fund balance is the difference between assets and liabilities in a governmental fund. The Town reports a governmental fund's fund balance into the following classifications:

- a. *Nonspendable* - includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual requirements.
- b. *Restricted* - includes amounts that can be spent only for specific purposes because of the Town Charter, Town Code, state or federal laws, or externally imposed conditions by grantors, creditors, or donors.
- c. *Committed* - includes amounts that can be used only for specific purposes determined by a formal action by Town Council ordinance or resolution. The Town Council is the highest level of decision-making authority for the Town. Commitments may be established,

**Town of Fort Cobb, OK**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

modified, or rescinded only through ordinances or resolutions approved by the Town Council. The Town currently reports no committed fund balance.

- d. Assigned - includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.
- e. Unassigned - includes all spendable amounts not included in other classifications.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. When an expenditure for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

Proprietary fund equity is classified in the same categories and manner as the government-wide statements.

The Town presents its fund balance in accordance with the requirements of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

**L. Program Revenues**

Charges for services include revenues based on exchange or exchange-like transactions, namely charges for services provided by the Town. Program specific grants and contributions (operations and capital) include revenues arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program, namely donations received from third-parties or state grants received for programs operations.

**M. Related Party Transactions**

There were no material related party transactions with Town officials or employees during the year ended June 30, 2024.

**N. Estimates**

The preparation of the basic financial statements in conformity with the modified cash basis of accounting requires Town's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the basic financial statements and/or amounts of reported revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Town of Fort Cobb, OK**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

**O. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Town considers all demand and savings accounts, which are highly liquid investments, to be cash. Cash invested in certificates of deposit with an original maturity of three-months or less is considered to be a cash equivalent.

**P. Budget**

The Town did prepare and adopt a budget for the fiscal year ending June 30, 2024.

**Q. Deferred Outflow/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditure) until then. The government only has two items that qualify for reporting in this category. The Town reports deferred outflows related to pensions and debt refunding.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenues) until that time. The governmental funds report unavailable revenues from court fines, technology and infrastructure fees, ambulance, and grants, and also reports deferred amount related to leases receivable. For all of these except leases, these amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government-wide Statement of Net Position reports only deferred inflows for pension and leases. The Town has deferred inflows and outflows of resources from Fire Tax.

Lease-related amounts are recognized at the inception of leases in which the town is the lessor and are recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

**R. Recent Accounting Pronouncements**

*Governmental Accounting Policies Adopted During Current Year*

In April 2022, GASB issued Statement No. 99, *Omnibus 2022* (GASB 99). GASB 99 is a technical omnibus statement that addresses issues or concerns from previous statements that were discovered during implementation and application of those statements. GASB 99 covers several topics including but not limited to, financial guarantees, derivatives, leases, non-monetary



**Town of Fort Cobb, OK**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

transactions, future revenue pledges and terminology updates. The remaining sections were adopted by the Town for the June 30, 2024, reporting year, as required by GASB 99. The Town does not expect GASB 99 to have a significant impact on the financial statements.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100). GASB 100 proscribes accounting and financial reporting for accounting changes and error corrections to the financial statements. GASB 100 defines what constitutes an accounting change versus a change in accounting principle or error correction and outlines the appropriate note disclosures in each circumstance. The Town adopted GASB 100 on July 1, 2023, for the June 30, 2024, reporting year. The Town does not expect GASB 100 to have a significant impact on the financial statements.

In June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB 101). GASB 101 outlines the definition of compensated absences and sets forth the accounting and financial reporting for compensated absence liabilities. GASB 101 outlines that leave accrued should be measured using the employees pay rate at the financial statement date and that certain salary related payments, such as Social Security and Medicare, should be included in such measurement. The Town will adopt GASB 101 on July 1, 2024, for the June 30, 2025, reporting year. The Town has not determined the impact that GASB 101 will have on the financial statements.

In January 2024, GASB issued Statement No. 102, *Certain Risks Disclosures* (GASB 102). GASB 102 addresses financial reporting regarding certain concentrations or constraints and related events that may have a substantial impact and negatively affect the level of service a government provides. The Town adopted GASB 102 on January 8, 2024 for the June 30, 2024 reporting year. GASB 102 did not have a material impact on the financial statements.

**S. Date of Management's Review of Subsequent Events**

Management has evaluated subsequent events through November 25, 2024, the date which the financial statements were available to be issued.

**NOTE 2 – CASH AND INVESTMENTS**

**Cash Deposits**

The Town's governmental and proprietary funds' cash deposits consist of checking, savings accounts, and certificates of deposits. These deposits are stated at cost. The Town is authorized by state statute to invest in obligations of the United States of America.

At June 30, 2024, the carrying amount and the bank balance of the governmental funds' cash deposits were \$302,515. Cash deposits do not include petty cash and cash on hand of \$40 in the General Fund. At June 30, 2024, the carrying amount and the bank balance of the proprietary funds' cash deposits were \$290,052.

**Town of Fort Cobb, OK**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

At June 30, 2024, the governmental and proprietary funds held the following deposits of unrestricted funds:

**Unrestricted Cash and Cash Equivalents**

Governmental Funds:

General Fund	44,029
Capital Improvement Fund	130,996
Fire Department Fund	37,826
Cemetery Improvement Fund	28,244
Cemetery M&O Fund	26,647
Fort Cobb Reserve Fund	21,880
Street & Alley Fund	2,955
Fort Cobb Grant Fund	33
Air Evac Fund	2,344
Municipal Court Fund	2,264
Police Fund	5,297
Total	<u><u>\$ 302,515</u></u>

Enterprise Funds:

Public Works Authority	<u>\$ 272,415</u>
Total	<u><u>\$ 272,415</u></u>

At June 30, 2024, the proprietary funds held the following deposits of restricted funds:

**Restricted Cash, Cash Equivalents and Investments**

Enterprise Funds:

Public Works Authority - Meter Deposits	<u>\$ 17,637</u>
Total	<u><u>\$ 17,637</u></u>

**Deposits and Investment Risks:**

*Custodial Credit Risk* – Exposure to custodial credit risk related to deposits exists when the Town holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Town’s name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the Town holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Town’s name.

The Town does not have a formal investment policy as it relates to custodial credit risk. Acceptable collateral is limited to U.S. Treasury securities and direct debt obligations of municipalities,

**Town of Fort Cobb, OK**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

counties, and school districts in the State of Oklahoma. As required by Federal 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.

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 does not have a deposit policy for custodial credit risk for their governmental and proprietary funds.

As of June 30, 2024, the Town's cash, deposits, and investments are classified in the following categories:

- A. Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- B. Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- C. Uncollateralized.

	A	B	C	Total
Town of Fort Cobb	<u>\$ 566,960</u>	<u>\$ 0</u>	<u>\$ 25,607</u>	<u>\$ 592,567</u>

*Investment Credit Risk* – State law limits the investments available to the Town and is described below.

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

**Town of Fort Cobb, OK**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

Investment credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. The Town has no formal policy limiting investments based on credit rating but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies— as of the year end in the schedule above. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

The inputs are summarized in the following three broad levels listed below:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Town invests \$57,183 in Certificate of Deposits with the Washita Valley Bank.

Investment Name	Interest Rate	Balance as of June 30, 2024
Washita Valley Bank CD #28256	4.00%	\$ 15,068
Washita Valley Bank CD #28234	4.00%	15,000
Washita Valley Bank CD #28250	4.00%	10,000
Washita Valley Bank CD #28425	4.00%	9,801
Washita Valley Bank CD #28218	4.00%	7,314
		\$ 57,183

**NOTE 3 – ACCOUNTS RECEIVABLE**

The Town issues billing for utility services at the end of the calendar month. The Allowance for Doubtful Accounts figure is created using the balance brought forward amount on their billing register. The following includes the amount billed for water tap services not yet paid as of June 30, 2024:

**Town of Fort Cobb, OK**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

		Proprietary Funds	
		Accounts Receivable	Allowance for Doubtful Accounts
Balance, July 1, 2023	\$	12,820	\$ 0
Additions		25,087	8,446
Balance, June 30, 2024	\$	37,907	\$ 8,446

**NOTE 4 – PREPAID ASSETS**

Prepaid expenses in the financial statements represent insurance payments made during the fiscal year ending June 30, 2024 to insurers for insurance coverage periods after the fiscal year end. As of June 30, 2024, the Town's governmental funds had a prepaid expense in the amount of \$7,750 and the proprietary funds had a prepaid expense in the amount of \$1,681. The changes during the year for governmental and proprietary funds are as follows:

		Prepaid Insurance	
		Government	Proprietary
Balance, July 1, 2023	\$	1,886	\$ 432
Additions		5,864	1,249
Balance, June 30, 2024	\$	7,750	\$ 1,681

**NOTE 5 – CAPITAL ASSETS AND DEPRECIATION**

Changes in governmental capital assets during the year ending June 30, 2024, were as follows:

	Balance July 1, 2023	Additions	Disposals	Balance June 30, 2024
Government Activities:				
Community Building	\$ 42,077	\$ 0	\$ 0	\$ 42,077
Fire Department	384,013	1,975	0	385,988
General Government	258,146	56,357	0	314,503
Parks	60,586	0	0	60,586
Police	19,928	0	0	19,928
Street & Alley	102,539	367,036	0	469,575
Governmental Capital Assets	\$ 867,289	\$ 425,368	\$ 0	\$ 1,292,657
Accumulated Depreciation	(612,375)	(29,307)	0	(641,682)
Governmental Net Capital Assets	\$ 254,914	\$ 396,061	\$ 0	\$ 650,975

**Town of Fort Cobb, OK**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

Changes in proprietary capital assets during the year ending June 30, 2024, were as follows:

	Balance	Additions	Disposals	Balance
Business Type Activities:				
Land, Building, Improvements	\$ 48,327	\$ 0	\$ 0	\$ 48,327
Infrastructure	28,600	958,428	0	987,028
Land Improvements	16,172	0	0	16,172
Vehicles & Equipment	253,969	58,022	0	311,991
Business Type Capital Assets	\$ 347,068	\$ 1,016,450	\$ 0	\$ 1,363,518
Accumulated Depreciation	(251,710)	(48,093)	0	(299,803)
Business Type Net Capital Assets	\$ 95,358	\$ 968,357	\$ 0	\$ 1,063,715

**NOTE 6 – ACCOUNTS PAYABLE**

Accounts Payable is those amounts for goods or services received in June but not yet paid for as of June 30, 2024. The following is the listing of those accounts payable amounts per fund:

**Accounts Payable**

Governmental Funds:

General Fund	\$ 3,164
Street & Alley Fund	355
Cemetery M&O	251
Air Evac Fund	180
Total	<u>\$ 3,950</u>

Enterprise Funds:

Public Works Authority	\$ 6,780
Total	<u>\$ 6,780</u>

**NOTE 7 – PAYROLL LIABILITIES**

The Town accrues a payroll liability and a liability for vacation pay or other compensated absences, which are liquidated through the Public Works Fund. Accrued payroll and compensated absences are reported as current liabilities in the statement of net position.

Accrued payroll and compensated absences activity for the year ended June 30, 2024 for their government funds were as follows:

**Town of Fort Cobb, OK**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

	Government Funds	
	Accrued Payroll	Compensated Absences
Balance as of 07/01/2023	\$ 278	\$ 1,236
Additions	410	696
Reductions	0	0
Balance as of 06/30/2024	<u>\$ 688</u>	<u>\$ 1,932</u>

Changes in proprietary payroll liabilities during the year ending June 30, 2024, were as follows:

	Proprietary Funds	
	Accrued Payroll	Compensated Absences
Balance as of 07/01/2023	\$ 176	\$ 10,224
Additions	697	0
Reductions	0	(1,264)
Balance as of 06/30/2024	<u>\$ 873</u>	<u>\$ 8,960</u>

**NOTE 8 – METER DEPOSITS**

The Town has an established policy for the reimbursement of meter deposits for their water services. Changes during the year ending June 30, 2024, were as follows:

	Meter Deposits
Balance, July 1, 2023	\$ 16,082
Additions	<u>1,555</u>
Total	17,637
Disposals	<u>0</u>
Balance, June 30, 2024	<u>\$ 17,637</u>

**NOTE 9 – PENSION**

The Town participates in the Oklahoma Municipal Retirement Fund. This Fund is a defined benefit fund that requires 10 years to vest in retirement benefits. A recalculation of the year ending pension payments is as follows:

**Town of Fort Cobb, OK**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

	Employer Portion 8.31%	Employee Portion 3.75%
FYE June 30, 2024	\$ 6,981	\$ 5,755
FYE June 30, 2023	\$ 8,729	\$ 4,592

All firefighters participate in the Statewide Oklahoma Firefighter's Pension and Retirement Town. The Town contributes to this plan for each firefighter in accordance with Oklahoma Statutes.

**NOTE 10 – COMMITMENTS AND CONTINGENT LIABILITIES**

The financial statements do not include any provision for loss contingencies resulting from litigation. Under applicable Oklahoma statutes, cities and towns generally establish a sinking fund to satisfy legal judgments rendered against them. Tax revenues are then specifically assessed for payment of these claims which have been reduced to judgment. Such claims are generally paid through these special tax assessments over a three (3) year period.

**Legal**

From time to time, the Town is involved in certain legal proceedings arising in the normal course of business. In the opinion of management, the ultimate disposition of such proceedings will not have a material effect on the Town's financial statements.

**Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. Also, all personnel responsible for custody of cash were bonded during the fiscal year.

The Town carries the following insurance coverage as protection against possible loss contingencies:

- Property Protection
- Workers Compensation
- Municipal Liability



**Town of Fort Cobb, OK**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

**NOTE 11 – FUND EQUITY**

During the fiscal year ending June 30, 2024, the Town had the following Non-Spendable, Restricted, Committed, and Assigned Fund Balances:

**Government Activities:**

a. Non-spendable

The Town had no non-spendable funds as of June 30, 2024.

b. Restricted

Fund	Amount
Non-major Governmental Funds:	
Capital Improvement	\$ 140,796
Fire Department	47,826
Cemetery Improvement	28,244
Cemetery Maintenance & Operations	26,647
FC Reserves	21,880
Street & Alley	10,271
Police Department	5,297
Air Evac	2,344
Municipal Court	252
FC Grant Fund	33
Total Non-major Governmental Funds:	<u>283,590</u>
Total Restricted Funds	<u><u>\$ 283,590</u></u>

c. Committed

The Town had no committed funds as of June 30, 2024.

d. Assigned

The Town had no assigned funds as of June 30, 2024.

e. Unassigned

Fund	Amount
General Fund	\$ 104,033
Total Unassigned Funds	<u><u>\$ 104,033</u></u>



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

Board of Trustees  
Town of Fort Cobb  
Fort Cobb, 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, each major fund, and the aggregate remaining fund information of the Town of Fort Cobb, Oklahoma, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 25, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Fort Cobb, Oklahoma's internal control over financial reporting (internal control) to determine 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 the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the

accompanying schedule of findings and responses as items 2024-1, 2024-2, 2024-3, 2024-4, 2024-5, 2024-7 and 2024-8.

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. During our audit we identified a deficiency in internal control that we consider to be a significant deficiency. Finding 2024-6

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Fort Cobb, 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*.

## **Town of Fort Cobb's Responses to Findings**

The Town of Fort Cobb's management has not provided any responses to the findings identified in our audit and described in the accompanying schedule of findings. We have provided the Town of Fort Cobb's management with reasonable time to respond, but management elected not to comment on the identified findings.

## **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.

*Furrh & Associates, PC*

**FURRH & ASSOCIATES, PC**

Lawton, Oklahoma

November 25, 2024

**Town of Fort Cobb, OK**  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2024**

**Reportable Conditions of Internal Control, Compliance and Other Matters**

**2024-1     Payroll Tax Payments (Repeat Finding)**

Condition – The Town paid payroll taxes late to the IRS.

Effect – The Internal Revenue Service charged the Town penalties for paying payroll taxes late.

Cause – The Office Manager did not maintain accurate payroll records which resulted in late payments to tax authorities.

Criteria – Tax authorities have specific deadlines for payroll tax payments.

Recommendation – We recommend that the Office Manager review payroll tax reporting requirements on a regular basis and to implement the payment of payroll tax payments electronically.

Management's Response – The Town of Fort Cobb has implemented electronic payments to the IRS for Payroll Taxes and for Oklahoma State Payroll Taxes. The Office staff will follow procedures set in place to calculate and pay payroll taxes and ensure they are reported correctly.

**2024-2     Lack of Utility Disconnection (Repeat Finding)**

Condition – Citizens' utility service was not disconnected for late and/or non-payment.

Effect – The Town provided utility service without guarantee that payment would be received.

Cause – Due to a lack of oversight, multiple utility account balances were allowed to accumulate without regular payments.

Criteria – Town Ordinance requires delinquent utility accounts to be discontinued.

Recommendation – We recommend that the Town Council provide greater oversight of the office activities.

Management's Response – The Town Council have set in place policies and ordinances that set down guidelines and procedures to follow regarding delinquent utility accounts. The Office manager has been given particular guidelines to allow late payments and documents that in the Utility Customer's file if she has made an allowance. Every month the council is given a list of any late payments, whether they have been disconnected and if they haven't been disconnected, an explanation as to why.

**Town of Fort Cobb, OK**  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2024**

**2024-3     Unbalanced Bank Reconciliations (Repeat Finding)**

Condition – Bank account reconciliations are not being properly performed or balanced.

Effect – Bank balances not properly stated.

Cause – Discrepancies with the bank balances are not being properly reviewed. Adjusting entries are created to adjust balances to actual.

Criteria – Principles in accordance with the modified cash basis of accounting.

Recommendation – We recommend that proper reconciliations are created and maintained. Also, we recommend that discrepancies with balances are investigated.

Management's Response – At the time of the Audit, Auditors pointed out that some of our accounts were not set up properly, therefore could be causing balances to be incorrect. Those accounts have been corrected and, in some cases, changed completely. This has helped the cash accounts balance. Whenever there might be a discrepancies with balances they will be investigated.

**2024-4     Lack of Documentation for Payroll Variances**

Condition – Payroll could not be substantiated. Significant variances existed between the 941 tax documents and the financial statements.

Effect – Significant variances exist that could not be explained concerning payroll balances and payments.

Cause – Lack of document retention by management.

Criteria – Oklahoma Statute 11 Section 22-131 requires documentation to be maintained for five to ten years.

Recommendation – We recommend that payroll documentation and tax forms be reviewed and reconciled with the financial statements before issuance.

Management's Response – Going forward when necessary, all payroll mistakes will be fully documented. Trustees will be given payroll documentation to review with the financials.

**Town of Fort Cobb, OK**  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2024**

**2024-5     Improper Charging for Bulk Water Sales**

Condition – Charges for Bulk Water sales increased, but the approval for the increase was not properly documented.

Effect – Citizens are being charged more than the approved rate for bulk water.

Cause – Proper approval of the increase in bulk water charges was not denoted in the minutes.

Criteria – Town Ordinance requires proper billing of customers after approval by board.

Recommendation – We recommend that all billing changes be approved and denoted in minutes approved by the board.

Management's Response – The council corrected the oversight of leaving out the minutes the price of Bulk Water.

**2024-6     Under Collateralization of Public Works Authority Bank Account**

Condition – The Town of Fort Cobb balances in their bank accounts at Washita Valley Bank exceeded FDIC insurance amount of \$250,000, without having additional coverage.

Effect – Town monies are not adequately protected against loss.

Cause – Management was not made aware of their funds exceeding the FDIC limit.

Criteria – Prudent fiduciary responsibility requires safeguarding of Town's assets.

Recommendation – We recommend that proper collateralization of Town monies be acquired and reviewed on a regular basis.

Management's Response – At the time of the Audit, the Washita Valley Bank made pledges so that the PWA had pledges covering the cash in the bank, distinguishing between the Town of Fort Cobb's cash and the PWA cash.

**Town of Fort Cobb, OK**  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2024**

**2024-7     Lack of Documentation for Fire Grant Revenues**

Condition – Documentation could not be provided to substantiate grant information for their Fire grants.

Effect – Grant income or expenses could occur without proper approval or review by management.

Cause – Lack of document retention or retrieval by management.

Criteria – Oklahoma Statute 11 Section 22-131 requires documentation to be maintained for five to ten years.

Recommendation – We recommend that the Town adopt a policy concerning documentation retention that is in compliance with Oklahoma State Statutes.

Management's Response – The Grant Writer has started keeping records and documentation of all Fire Department Grants and will implement a policy regarding documentation retention that is in compliance with Oklahoma State Statutes.

**2024-8     Lack of Segregation of Duties**

Condition – The entity has limited personnel performing accounting functions during the year.

Effect – The lack of proper segregation of duties could allow for the improper authorization of transactions.

Cause – Due to a change in staff at the beginning of the year, the Town did not have the ability to completely segregate the accounting functions.

Criteria – Generally Accepted Accounting Standards calls for the proper segregation of financial activities within an organization.

Recommendation – We recommend that the Town implement additional policies and procedures in order to properly segregate accounting functions.

Management response – Management will review policies and procedures for places to improve their lack of segregation of duties.

**Town of Fort Cobb, Oklahoma**  
**Summary Schedule of Prior Year Audit Findings**  
**For the Year Ended June 30, 2024**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
2022 - 1	<i>Payroll Tax Payments</i> – The Town paid payroll taxes late to the IRS, which resulted in penalties.	Unresolved
2022 - 2	<i>Lack of Utility Disconnections</i> – Citizens’ utility service was not disconnected for late and/or non-payments.	Unresolved
2023 - 1	<i>Unreported Income from Comanche Nation</i> – Work was performed that was not paid for. Also, no corresponding receivable was on the financial statements.	Resolved
2023 - 2	<i>Unbalanced Bank Reconciliations</i> – Bank account reconciliations are not being properly performed or balanced.	Unresolved
2023 - 3	<i>Grant Payments Posted as Income</i> – Grant payment expenses were netted against grant incomes in the financial statements.	Resolved
2023 - 4	<i>Incorrect Meter Balances</i> – The Meter Deposit balance on the financial statements was incorrect.	Resolved
2023 - 5	<i>Purchase Order System</i> – Multiple instances of noncompliance with a Purchase Order not starting the purchasing cycle per policy.	Resolved
2023 - 6	<i>Lack of Expense Documentation</i> – Documentation for expenses could not be adequately located.	Resolved
2023 - 7	<i>Improper Cut-off and Penalty Assessment</i> – Proper cut-off and penalty assessment was not being followed per ordinance.	Resolved



**Town of Fort Cobb, Oklahoma**  
**Summary Schedule of Prior Year Audit Findings**  
**For the Year Ended June 30, 2024**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
2023 - 8	<i>Policy on Utility Payment Leniency</i> – Office staff were given authority to waive late fees and cut-offs of utilities verbally.	Resolved

**Town of Fort Cobb, OK**  
**General Fund**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**(Modified Cash Basis)**  
**Budget and Actual**  
**Year Ended June 30, 2024**

	<b>Original/Fin al Budget</b>	<b>Actual</b>	<b>(Over) Under Budget</b>
<b><u>Revenue</u></b>			
City Sales Tax	\$ 180,000	\$ 191,690	\$ (11,690)
Grant Income	0	147,480	(147,480)
Cemetery Revenue	810	0	810
City Use Tax	54,600	61,043	(6,443)
Franchise Tax	20,400	20,776	(376)
Miscellaneous Revenue	4,246	18,109	(13,863)
Alcohol Beverage Tax	8,000	8,770	(770)
Interest	4,440	5,142	(702)
Rental Revenue	600	900	(300)
Cigarette Tax	1,130	1,145	(15)
License and Permits Revenue	4,535	4,744	(209)
	<hr/>	<hr/>	<hr/>
Total Revenue	278,760	459,799	(181,039)
<b><u>Expenditures</u></b>			
<b><u>General Government</u></b>			
Personal Services	48,460	88,549	(40,089)
Maintenance and Operations	142,503	209,763	(67,260)
Grant Expense	0	0	0
Capital Outlay	0	371,266	(371,266)
	<hr/>	<hr/>	<hr/>
Total General Government	190,963	669,578	(478,615)
	<hr/>	<hr/>	<hr/>
<b><u>Police Department</u></b>			
Personal Services	184	186	(2)
Maintenance and Operations	47,174	45,629	1,545
	<hr/>	<hr/>	<hr/>
Total Police Department	47,358	45,815	1,543
	<hr/>	<hr/>	<hr/>
<b><u>Fire Department</u></b>			
Maintenance and Operations	3,223	1,020	2,203
Capital Outlay	0	6,269	(6,269)
	<hr/>	<hr/>	<hr/>
Total Fire Department	3,223	7,289	(4,066)
	<hr/>	<hr/>	<hr/>
<b><u>Street &amp; Alley</u></b>			
Personal Services	85,328	0	85,328
Maintenance and Operations	19,388	23,128	(3,740)
	<hr/>	<hr/>	<hr/>
Total Street & Alley	104,716	23,128	81,588
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Please see accompanying notes to the financial statements.

**Town of Fort Cobb, OK**  
**General Fund**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**(Modified Cash Basis)**  
**Budget and Actual**  
**Year Ended June 30, 2024**

	<u>Original/Fin al Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<b><u>Community Building</u></b>			
Maintenance and Operations	19,427	8,231	11,196
Capital Outlay	<u>0</u>	<u>6,020</u>	<u>(6,020)</u>
Total Community Building	<u>19,427</u>	<u>14,251</u>	<u>5,176</u>
Total Expenditures	<u>365,687</u>	<u>760,061</u>	<u>(394,374)</u>
<u>Revenue Over (Under) Expenditures</u>	(86,927)	(300,262)	213,335
 <b><u>Other Financing Sources (Uses)</u></b>			
Transfer In	105,794	74,751	31,043
Transfer Out	<u>0</u>	<u>(88,842)</u>	<u>88,842</u>
Total Other Financing Sources (Uses)	<u>105,794</u>	<u>(14,091)</u>	<u>119,885</u>
 <u>Revenue and Other Financing Sources</u>			
<u>Over (Under) Expenditures &amp; Other Uses</u>	18,868	(314,353)	333,221
 <u>Fund Balance, June 30, 2023</u>	<u>456,737</u>	<u>425,584</u>	<u>31,153</u>
 Prior Period Adjustment	0	(8,378)	(8,378)
 <u>Fund Balance, June 30, 2024</u>	<u>\$ 475,605</u>	<u>\$ 102,853</u>	<u>\$ 355,996</u>

Please see accompanying notes to the financial statements.

**Town of Fort Cobb, OK**  
**Notes to Budgetary Comparison Information**  
**Year Ended June 30, 2024**

**Note 1 - Notes to Budgetary Comparison Information**

The Town's annual operating budget represents appropriations as authorized by the Governing Board in accordance with the provisions of the Oklahoma statutes.

The Town operates under the guidelines of the "Municipal Budget Act" which allows the Governing Board to prepare its budgets based upon its estimated revenue. In addition, revisions may be made to the budget throughout the year as authorized by the Governing Board. The legal level of control of the budget is the expenditure category. The expenditure categories required by the applicable state statutes are:

1. Personal Services
2. Maintenance and Operations
3. Capital Outlays

It is the Town's policy that all appropriations lapse at the end of the fiscal year.

The operating budgets of the grants cover the period designated in the grant documents. The Town prepares its annual operating budget on the modified cash basis of accounting, the same basis used to account for actual revenues and expenditures.

The Town did prepare an annual operating budget for any funds for fiscal year ending June 30, 2024.

**Town of Fort Cobb, OK**  
**Nonmajor Governmental Funds**  
**Balance Sheet**  
**(Modified Cash Basis)**  
**June 30, 2024**

	Street & Alley	Municipal Court	Cemetery M&O	Cemetery Improvement	Police	Fire	Capital Improvement	FC Reserves	Air EVAC	Grant Fund	Total Non-Major Govt Funds
<b><u>Assets</u></b>											
Cash in Bank	\$ 10,271	\$ 2,264	\$ 26,647	\$ 28,244	\$ 5,297	\$ 47,826	\$ 140,796	\$ 21,880	\$ 2,344	\$ 33	\$ 285,602
Deferred Inflow	0	0	0	0	0	3,152	0	0	0	0	3,152
Total Assets	<u>\$ 10,271</u>	<u>\$ 2,264</u>	<u>\$ 26,647</u>	<u>\$ 28,244</u>	<u>\$ 5,297</u>	<u>\$ 50,978</u>	<u>\$ 140,796</u>	<u>\$ 21,880</u>	<u>\$ 2,344</u>	<u>\$ 33</u>	<u>\$ 288,754</u>
<b><u>Liabilities</u></b>											
Deferred Incflow	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,152	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,152
Due to Other Funds	0	2,012	0	0	0	0	0	0	0	0	2,012
Total Liabilities	0	2,012	0	0	0	3,152	0	0	0	0	5,164
<b><u>Fund Equity</u></b>											
Fund Balance:											
Unrestricted	10,271	252	26,647	28,244	5,297	47,826	140,796	21,880	2,344	33	283,590
Liabilities & Equity	<u>\$ 10,271</u>	<u>\$ 2,264</u>	<u>\$ 26,647</u>	<u>\$ 28,244</u>	<u>\$ 5,297</u>	<u>\$ 50,978</u>	<u>\$ 140,796</u>	<u>\$ 21,880</u>	<u>\$ 2,344</u>	<u>\$ 33</u>	<u>\$ 288,754</u>

Please see accompanying notes to the financial statements.

**Town of Fort Cobb, OK**  
**Nonmajor Governmental Funds**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balance**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2024**

	<b>Street &amp; Alley</b>	<b>Municipal Court</b>	<b>Cemetery M&amp;O</b>	<b>Cemetery Improvement</b>	<b>Police</b>	<b>Fire</b>	<b>Capital Improvement</b>	<b>FC Reserves</b>	<b>Air EVAC</b>	<b>Grant Fund</b>	<b>Total Non- Major Govt Funds</b>
<b><u>Revenue</u></b>											
Tax Revenue	\$ 4,607	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 24,701	\$ 0	\$ 0	\$ 0	\$ 29,308
Grants	0	0	0	0	0	12,494	0	0	0	0	12,494
Cemetery Income	0	0	7,828	3,857	0	0	0	0	0	0	11,685
Donations	0	0	3,210	0	0	1,950	0	0	0	0	5,160
Pound Income	0	0	0	0	3,843	0	0	0	0	0	3,843
Interest	147	0	392	410	0	381	1,486	286	0	0	3,102
Miscellaneous	0	0	0	0	0	0	0	0	2,135	0	2,135
Fines	0	243	0	0	0	0	0	0	0	0	243
	<u>4,754</u>	<u>243</u>	<u>11,430</u>	<u>4,267</u>	<u>3,843</u>	<u>14,825</u>	<u>26,187</u>	<u>286</u>	<u>2,135</u>	<u>0</u>	<u>67,970</u>
<b><u>Expenditures</u></b>											
Maintenance & Operations	3,872	1,710	10,659	2,360	376	5,644	0	0	1,960	3,659	30,240
Capital Outlay	0	0	6,450	0	0	1,975	39,673	0	0	0	48,098
	<u>3,872</u>	<u>1,710</u>	<u>17,109</u>	<u>2,360</u>	<u>376</u>	<u>7,619</u>	<u>39,673</u>	<u>0</u>	<u>1,960</u>	<u>3,659</u>	<u>78,338</u>
<b><u>Revenue Over (Under) Expenditures</u></b>	882	(1,467)	(5,679)	1,907	3,467	7,206	(13,486)	286	175	(3,659)	(10,368)
Transfer (to)/from other accounts	0	1,500	6,000	(600)	(193)	0	0	5,425	0	3,692	15,824
<b><u>Fund Balance, June 30, 2023</u></b>	9,389	219	26,193	26,962	2,023	40,620	154,282	16,169	2,324	0	278,181
<b><u>Prior Period Adjustment</u></b>	0	0	133	(25)	0	0	0	0	(155)	0	(47)
<b><u>Fund Balance, June 30, 2024</u></b>	<u>\$ 10,271</u>	<u>\$ 252</u>	<u>\$ 26,647</u>	<u>\$ 28,244</u>	<u>\$ 5,297</u>	<u>\$ 47,826</u>	<u>\$ 140,796</u>	<u>\$ 21,880</u>	<u>\$ 2,344</u>	<u>\$ 33</u>	<u>\$ 283,590</u>

Please see accompanying notes to the financial statements.



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE**

Town Council  
Town of Fort Cobb  
Fort Cobb, Oklahoma

**Report on Compliance for Each Major Federal Program**

**Adverse Opinion**

We have audited Town of Fort Cobb, OK's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Town of Fort Cobb, OK's major federal programs for the year ended June 30, 2024. Town of Fort Cobb, OK's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Adverse Opinion on Oklahoma Water Resources Board, Clean Water State Revolving Fund Loan Forgiveness Program

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, Town of Fort Cobb, OK did not comply, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Oklahoma Water Resources Board, Clean Water State Revolving Fund Loan Forgiveness Program.

**Basis for Adverse Opinion**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town of Fort Cobb, OK and to meet our other ethical responsibilities, in accordance with 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 adverse and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of Town of Fort Cobb, OK compliance with the compliance requirements referred to above.

#### Matter Giving Rise to Adverse Opinion on Oklahoma Water Resources Board, Clean Water State Revolving Fund Loan Forgiveness Program

As described in the accompanying schedule of findings and questioned costs, Town of Fort Cobb, OK did not comply with requirements regarding Oklahoma Water Resources Board, Clean Water State Revolving Fund Loan Forgiveness Program No. 66.458 as described in finding number 2024-8 for Lack of Segregation of Duties and Finding 2024-3 for Unbalanced Bank Reconciliations. Compliance with such requirements is necessary, in our opinion, for Town of Fort Cobb, OK to comply with the requirements applicable to that program.

#### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Town of Fort Cobb, OK's federal programs.

#### **Auditors' Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Fort Cobb, OK's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Town of Fort Cobb, OK's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.



- Identify and assess the risks of material noncompliance, 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 Town of Fort Cobb, OK's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Town of Fort Cobb, OK's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Fort Cobb, OK's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Other Matters**

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items Finding 2024-1, 2024-2, 2024-4, 2024-5, 2024-6 and 2024-7. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* require the auditor to perform limited procedures on Town of Fort Cobb, OK's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned cost. Town of Fort Cobb, OK's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over

compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items Finding 2024-1, 2024-2, 2024-3, 2024-4, 2024-5, 2024-7 and 2024-8 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items Finding 2024-6 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on Town of Fort Cobb, OK's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Town of Fort Cobb, OK's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Furrh & Associates, PC*

FURRH & ASSOCIATES, PC

Lawton, Oklahoma

November 25, 2024

**Town of Fort Cobb, OK**  
**Schedule of Federal, State and Other Award Activities**  
**Modified Cash Basis**  
**For the Year Ended June 30, 2024**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA No.</u>	<u>Award Amount</u>	<u>Received Amount</u>	<u>Contract Expenditures</u>
<b>FEDERAL AWARDS</b>				
<u>US Environmental Protection Agency</u>				
Clean Water State Revolving Fund	66.458	<u>\$ 974,146</u>	<u>\$ 974,146</u>	<u>\$ 974,146</u>
Loan Forgiveness Program				
Total Federal Awards		<u><u>\$ 974,146</u></u>	<u><u>\$ 974,146</u></u>	<u><u>\$ 974,146</u></u>
<b>STATE AWARDS</b>				
<u>Tobacco Settlement Endowment Trust</u>				
Built Environment Grant		\$ 500,000	\$ 85,628	\$ 474,111
<u>Association South Central Oklahoma Governments</u>				
Rural Economic Action Plan Grant 2024		45,000	44,817	44,817
Contract No. 242222				
<u>Association South Central Oklahoma Governments</u>				
Rural Economic Action Plan Grant 2023		45,000	16,852	9,568
Contract No. 232234				

Please see accompanying Accountant's Report.

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>CFDA No.</b>	<b>Award Amount</b>	<b>Received Amount</b>	<b>Contract Expenditures</b>
<u>Association South Central Oklahoma Governments</u>				
Rural Economic Action Plan Grant 2022 Contract No. 222215		45,000	45,000	45,000
<u>Oklahoma Department of Agriculture</u>				
Forestry Services- Rural Fire Grant		9,993	9,993	9,993
Total State Awards		\$ 644,993	\$ 202,290	\$ 583,489

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**Town of Fort Cobb, OK**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2024**

**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Town of Fort Cobb under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of *Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town.

**Note 2 – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on modified cash basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

**Note 3 – Indirect Cost Rate**

The Town has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Town of Fort Cobb, OK**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2024**

**Summary of Auditor's Results**

1. The Auditor's report expresses an Adverse opinion on the financial statements of the Town of Fort Cobb.
2. One significant deficiency and seven material weakness relating to the audit of the financial statements are reported in the Schedule of Findings and Questioned Costs.
3. One instance of noncompliance material to the financial statements of the Town of Fort Cobb were disclosed during the audit.
4. Two material weakness relating to the audit of the major federal award programs is reported in the Schedule of Findings and Questioned Costs.
5. The auditor's report on compliance for each major program on internal control over compliance as required by the Uniform Guidance expresses an adverse opinion.
6. Audit findings that are required to be reported in accordance with Section 2 CFR 200.561(a) of the Uniform Guidance are reported.
7. The program tested as major was the Oklahoma Water Resources Board, Clean Water State Revolving Fund Loan Forgiveness Program, CFDA 66.458.
8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. Town of Fort Cobb did not qualify as a low-risk auditee.

**Findings – Financial Statement Audit**

1. Finding 2024-1: Payments to the IRS were made late.
2. Finding 2024-2: Lack of utility disconnection.
3. Finding 2024-3: Improper reconciliation of bank balances.
4. Finding 2024-4: Lack of documentation for payroll variances.
5. Finding 2024-5: Improper charging for bulk water sales
6. Finding 2024-6: Under collateralization of public works bank accounts
7. Finding 2024-7: Lack of documentation for fire grants.
8. Finding 2024-8: Lack of segregation of duties.