

Town of Covington, Oklahoma

Annual Financial Report (unaudited)

For the Fiscal Year Ended June 30, 2022



FY2022

Town of Covington
June 30, 2022

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Board of Trustees

Jack Snyder	Mayor/Chairman
Mistie Thayer	Vice Mayor
Sherry Sterling	Trustee
Zach Chautier	Trustee
Brandon Schram	Trustee

Management

Sondra Easterly	Town Clerk
Kathy Gantz	Town Treasurer
Randy West	Police Chief
Mike Schram	Utilities Superintendent

Elfrink and Associates, PLLC

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Independent Accountant's Report

To the specified users of the report:

Board of Trustees, Town of Covington
Trustees of the Covington Utilities Authority
Oklahoma Office of the State Auditor and Inspector
Oklahoma Department of Commerce
Northern Oklahoma Development Authority (NODA)

Management is responsible for the accompanying Summary of Changes in Fund Balances – Cash Basis of the Town of Covington as of and for the year ended June 30, 2022, and the related Budgetary Comparison Schedule – Cash Basis – General Fund, Restricted Sales Tax Fund, Fire Fund, Street and Alley Fund, and Grant Fund, Statement of Revenues, Expenses and Change in Fund Balance – Cash Basis – Covington Utilities Authority Operating Fund, and the Schedule of Grant Activity – Cash Basis for the year ended June 30, 2022, prepared in the format and using the basis of accounting, as prescribed by Oklahoma Statutes, that demonstrates compliance with the cash basis and budget laws of the State of Oklahoma applicable to municipalities and the presentation requirements prescribed in Oklahoma Statutes Title 11 §17-105 and Title 60 § 180.1, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants (AICPA). We did not audit or review the accompanying financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, or provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's assets, liabilities, fund balances, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Additionally, we have performed the procedures enumerated below, which were agreed to by the specified users of the report, as identified above, and as defined within the applicable state laws of the State of Oklahoma, solely to assist the Town of Covington ("Town") and the Covington Utilities Authority ("Authority") in meeting its financial accountability requirements as prescribed by Oklahoma Statutes Title 11 §17-105 and Title 60 § 180.1 and evaluating compliance with

specified legal or contractual requirements for the fiscal year ended June 30, 2022. Management of the Town is responsible for the Town's financial accountability and its compliance with those legal and contractual requirements. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures and Findings

As to the **Town of Covington** as of and for the fiscal year ended June 30, 2022:

1. **Procedures Performed:** From the Town's trial balances, we compiled a schedule of changes in fund balances for each fund (see accompanying Exhibit 1) and compared the schedule results to the statutory prohibition of creating fund balance deficits.
Findings: No fund balance deficits were noted.
2. **Procedures Performed:** From the Town's trial balances, we compiled budget and actual financial schedules (see accompanying Exhibit 2) for the general fund, restricted sales tax fund, fire fund, street and alley fund, and grant fund by comparing expenditures and encumbrances to authorized appropriations.
Findings: The subject funds' expenditures did not exceed authorized appropriations.
3. **Procedures Performed:** We agreed the Town's material bank account balances to bank statements, and traced significant reconciling items to subsequent clearance.
Findings: We noted no significant reconciling items that did not clear subsequently.
4. **Procedures Performed:** We compared the Town's uninsured deposits to fair value of pledged collateral.
Findings: The Town's deposits were fully insured or collateralized as of June 30, 2022.
5. **Procedures Performed:** We compared use of material-restricted revenues and resources to their restrictions.
Findings: Materially restricted revenues consist of restricted sales tax, fire, street and alley funds, and the Town's grants. No instances of noncompliance were noted regarding these restricted revenues.
6. **Procedures Performed:** We determined compliance with requirements for separate funds.
Findings: All required funds have been established.
7. **Procedures Performed:** We determined compliance with reserve account and debt service coverage requirements of bond indenture findings.
Findings: The Town has no debt of any kind.

As to the **Covington Utilities Authority**, as of and for the fiscal year ended June 30, 2022:

1. **Procedures Performed:** From the Authority's trial balances, we compiled a schedule of revenues, expenses, and change in fund balance – cash basis – for the Authority (see accompanying Exhibit 3) and determined compliance with the applicable trust prohibition for creating fund balance deficits.
Findings: No instances of fund balance deficits were noted.
2. **Procedures Performed:** We agreed the Authority's material bank account balances to bank statements, and traced significant reconciling items to subsequent clearance.
Findings: We noted no significant reconciling items that did not clear subsequently.

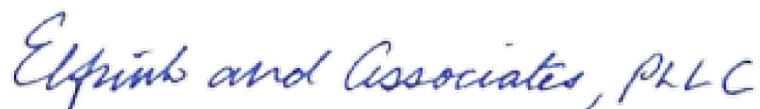
3. **Procedures Performed:** We compared the Authority's uninsured deposits to fair value of pledged collateral.
Findings: The Authority's deposits were fully insured or collateralized as of June 30, 2022.
4. **Procedures Performed:** We compared use of material-restricted revenues and resources to their restrictions.
Findings: No instances of noncompliance were noted regarding restricted revenues.
5. **Procedures Performed:** We determined compliance with requirements for separate funds.
Findings: All required funds have been established.
6. **Procedures Performed:** We determined compliance with reserve account and debt service coverage requirements of bond indenture findings.
Findings: The Authority has no outstanding debt.

As to the Town of Covington and Covington Utilities Authority, as of and for the fiscal year ended June 30, 2022:

1. **Procedures Performed:** From the Town's and Authority's trial balances, we compiled a schedule of grant activity – cash basis for each grant/contract (see accompanying Exhibit 4) and compared the receipts and disbursements to grant agreements and supporting information.
Findings: No instances of noncompliance were noted.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination, or review, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than these specified parties.



Elfrink and Associates, PLLC
Tulsa, Oklahoma
October 1, 2022

EXHIBIT 1
TOWN OF COVINGTON
SUMMARY OF CHANGES IN FUND BALANCES
CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Beginning of Year Fund Balances</u>	<u>Revenues</u>	<u>Expenses</u>	<u>End of Year Fund Balances</u>
TOWN:				
General Fund	\$ 270,715	\$ 174,051	\$ (128,729)	\$ 316,037
Restricted Sales Tax Fund	337,964	39,462	(22,345)	355,081
Fire Fund	13,145	1,400	(979)	13,566
Street and Alley Fund	19,811	4,378	(2,113)	22,076
Covington Grant Fund	223	-	-	223
Town Subtotal	641,858	219,291	(154,166)	706,983
UTILITY AUTHORITY:				
Covington Utility Authority	232,050	474,831	(475,708)	231,173
Overall Totals	\$ 873,908	\$ 694,122	\$ (629,874)	\$ 938,156

TOWN OF COVINGTON, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE-CASH BASIS
 GENERAL FUND, RESTRICTED SALES TAX FUND, FIRE FUND, STREET AND ALLEY FUND AND GRANT FUND
 FOR THE YEAR ENDED JUNE 30, 2022

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 280,885	\$ 280,885	\$ 270,715	\$ (10,170)
Resources (Inflows):				
TAXES	70,000	70,000	66,370	(3,630)
INTERGOVERNMENTAL	8,600	8,600	54,750	46,150
FINES AND FORFEITURES	32,000	32,000	22,374	(9,626)
INVESTMENT INCOME	100	100	454	354
MISCELLANEOUS	1,500	1,500	7,758	6,258
OTHER FINANCING SOURCES - TRANSFERS IN	40,000	40,000	22,345	(17,655)
Total resources and other financing sources	<u>152,200</u>	<u>152,200</u>	<u>174,051</u>	<u>21,851</u>
Amounts available for appropriation	<u>433,085</u>	<u>433,085</u>	<u>444,766</u>	<u>11,681</u>
Charges to Appropriations (Outflows):				
GENERAL GOVERNMENT	44,440	47,140	36,193	10,947
PUBLIC SAFETY	66,418	69,418	58,149	11,269
HIGHWAYS AND STREETS	21,700	21,700	18,977	2,723
CULTURE AND RECREATION	1,400	7,400	5,410	1,990
OTHER FINANCING USES - TRANSFERS OUT	30,000	40,000	10,000	30,000
Total Charges to Appropriations	<u>163,958</u>	<u>185,658</u>	<u>128,729</u>	<u>56,929</u>
Ending Budgetary Fund Balance	<u>\$ 269,127</u>	<u>\$ 247,427</u>	<u>\$ 316,037</u>	<u>\$ 68,610</u>

EXHIBIT 2
(Continued)

RESTRICTED SALES TAX FUND

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance	\$ 322,263	\$ 322,263	\$ 337,964	\$ 15,701
Resources (Inflows):				
TAXES	35,000	35,000	29,037	(5,963)
INVESTMENT INCOME	200	-	425	425
OTHER FINANCING USES - TRANSFERS IN	-	-	10,000	10,000
Total Resources	<u>35,200</u>	<u>35,000</u>	<u>39,462</u>	<u>4,462</u>
Amounts available for appropriation	<u>357,463</u>	<u>357,263</u>	<u>377,426</u>	<u>20,163</u>
Charges to appropriations (outflows):				
STREETS	45,000	45,000	-	45,000
UTILITIES	10,000	-	-	-
OTHER FINANCING USES - TRANSFERS OUT	40,000	40,000	22,345	17,655
Total Charges to Appropriations	<u>95,000</u>	<u>85,000</u>	<u>22,345</u>	<u>62,655</u>
Ending Budgetary Fund Balance	<u>\$ 262,463</u>	<u>\$ 272,263</u>	<u>\$ 355,081</u>	<u>\$ 82,818</u>

EXHIBIT 2
(Continued)

FIRE FUND

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance	\$ 8,829	\$ 8,829	\$ 13,145	\$ 4,316
Resources (Inflows):				
INVESTMENT INCOME	-	-	85	85
MISCELLANEOUS REVENUE	500	500	1,315	815
OTHER FINANCING USES - TRANSFERS IN	-	-	-	-
Total Resources	<u>500</u>	<u>500</u>	<u>1,400</u>	<u>900</u>
Amounts available for appropriation	<u>9,329</u>	<u>9,329</u>	<u>14,545</u>	<u>5,216</u>
Charges to appropriations (outflows):				
FIRE	1,700	2,200	979	1,221
OTHER FINANCING USES - TRANSFERS OUT	-	-	-	-
Total Charges to Appropriations	<u>1,700</u>	<u>2,200</u>	<u>979</u>	<u>1,221</u>
Ending Budgetary Fund Balance	<u>\$ 7,629</u>	<u>\$ 7,129</u>	<u>\$ 13,566</u>	<u>\$ 6,437</u>

EXHIBIT 2
(Continued)

STREET AND ALLEY FUND

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance	\$ 19,886	\$ 19,886	\$ 19,811	\$ (75)
Resources (Inflows):				
INTERGOVERNMENTAL	4,700	4,700	4,369	(331)
INVESTMENT INCOME	-	-	10	10
OTHER FINANCING USES - TRANSFERS IN	-	-	-	-
Total Resources	<u>4,700</u>	<u>4,700</u>	<u>4,379</u>	<u>(321)</u>
Amounts available for appropriation	<u>24,586</u>	<u>24,586</u>	<u>24,190</u>	<u>(396)</u>
Charges to appropriations (outflows):				
STREETS	5,000	6,500	2,114	4,386
OTHER FINANCING USES - TRANSFERS OUT	-	-	-	-
Total Charges to Appropriations	<u>5,000</u>	<u>6,500</u>	<u>2,114</u>	<u>4,386</u>
Ending Budgetary Fund Balance	<u>\$ 19,586</u>	<u>\$ 18,086</u>	<u>\$ 22,076</u>	<u>\$ 3,990</u>

EXHIBIT 2
(Continued)

GRANT FUND				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ 219	\$ 219	\$ 223	\$ 4
Resources (Inflows):				
GRANT REVENUE	72,028	-	-	-
OTHER FINANCING SOURCES - TRANSFER IN	-	-	-	-
Total Resources	72,028	-	-	-
Amounts available for appropriation	72,247	219	223	4
Charges to appropriations (outflows):				
UTILITIES	72,028	-	-	-
TRANSFERS OUT	-	-	-	-
Total Charges to Appropriations	72,028	-	-	-
Ending Budgetary Fund Balance	\$ 219	\$ 219	\$ 223	\$ 4

EXHIBIT 3

**TOWN OF COVINGTON, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND BALANCE-CASH BASIS
COVINGTON UTILITIES AUTHORITY
FOR THE YEAR ENDED JUNE 30, 2022**

Operating Revenues:

Charges for services:

Gas	\$ 191,554
Water	161,929
Sewer	51,469
Refuse	62,508
Penalties	6,601
Miscellaneous	365

Total operating revenues	474,426
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Operating Expenses:

Personal services	129,138
Materials and supplies	245,883
Other services and charges	100,687

Total operating expenses	475,708
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Operating income (loss)	(1,282)
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Non-Operating Revenues (Expenses):

Investment income	405
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Total non-operating revenues	405
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Net income (loss) before transfers	(877)
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Transfers in from other funds	-
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Transfers out to other funds	-
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Change in fund balance	(877)
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Total fund balance - beginning	232,050
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Total fund balance - ending	\$ 231,173
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**TOWN OF COVINGTON
SCHEDULE OF GRANT ACTIVITY - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Coronavirus State and Local Fiscal Recovery Funds</u>	<u>2021 REAP GA21-1</u>	<u>FIRE OPERATIONAL</u>
Awarding agency	U.S. Department of Treasury	Northern Oklahoma Development Authority	Oklahoma Department of Agriculture
AL No.	21.027	N/A	N/A
Award Amount	\$ 93,266	\$ 100,000	\$ 4,763
Program Budget	93,266	121,000	4,763
Current Year Activity			
Current Year Receipts:			
Received from agency	46,633	-	4,763
Received from local match	-	-	-
Total current year receipts	46,633	-	4,763
Current Year Disbursements	-	-	4,763
Beginning of Year Unexpended Grant Funds	-	-	-
End of Year Unexpended Grant Funds	<u>\$ 46,633</u>	<u>-</u>	<u>\$ -</u>
Program To-Date Activity			
Program To-Date Receipts:			
Received from agency	46,633	13,405	4,763
Received from local funds	-	-	-
Total program To-Date Receipts	46,633	13,405	4,763
Program To-Date Disbursements	-	13,405	4,763
Program To-Date Unexpended Grant Funds	<u>\$ 46,633</u>	<u>\$ -</u>	<u>\$ -</u>

Note: No funds were spent or received in fiscal year 2022 related to the 2021 REAP Grant.