

# Town of Covington, Oklahoma

## Annual Financial Report (unaudited)

For the Fiscal Year Ended June 30, 2023



FY2023

**Town of Covington**  
**June 30, 2023**

**TABLE OF CONTENTS**

Independent Accountant's Report	2-5
Summary of Changes in Fund Balances - Cash Basis	6
Budgetary Comparison Schedule – Cash Basis – General Fund, Restricted Sales Tax Fund, Fire Fund, Street and Alley Fund, and Grant Fund	7-11
Statement of Revenues, Expenses, and Change in Fund Balance – Cash Basis – Covington Utilities Authority Operating Fund	12
Schedule of Grant Activity – Cash Basis	13

**Board of Trustees**

Jack Snyder	Mayor/Chairman
Mistie Thayer	Vice Mayor
Brandon Schram	Trustee
Zach Chautier	Trustee
Neil Kirk	Trustee

**Management**

Krystle Winters	Town Clerk
Kasey Prince	Town Treasurer
Randy West	Police Chief
Mike Schram	Utilities Superintendent

# Elfrink and Associates, PLLC

Member AICPA, OSCP, and GFOA

8905 S Yale Avenue, Suite 102  
Tulsa, Oklahoma 74137

Anne.Elfrink@CPA.com

539-664-4662  
Fax: 918-512-4280

## **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, 2023, 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, 2023, 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, 2023. 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 ("Town")** as of and for the fiscal year ended June 30, 2023:

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 that two checks in the general fund bank account, #12631 to J Taylor in the amount of \$50.00 and #12786 to Card Services in the amount of \$293.74 were outstanding at June 30, 2023 and had not cleared the bank as of the time of our field work in May 2024.  
**Suggestion:** The Town should research these checks to determine if they should be reissued, escheated, or voided.  
**Response:** Upon review, the Town's management determined that the checks should be voided. The financial schedules were not updated to reflect this but will be corrected in the following fiscal year.
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, 2023.
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:** At June 30, 2023, the Town had no debt of any kind.

As to the **Covington Utilities Authority ("Authority")**, as of and for the fiscal year ended June 30, 2023:

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 that two checks in the Covington Utility Authority bank account, #8692 to Card Services in the amount of \$100.00 and #8822 to Salt Fork Water in the amount of \$11,545.29 were outstanding at June 30, 2023 and had not cleared the bank as of the time of our field work in May 2024.  
**Suggestion:** The Authority should research these checks to determine if they should be reissued, escheated, or voided.  
**Response:** Upon review, the Authority's management determined that the checks should be voided. The financial schedules were not updated to reflect this but will be corrected in the following fiscal year.
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, 2023.
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:** On September 1, 2022, the Authority issued a note to the Oklahoma Water Resources Board ("OWRB") in the amount of \$392,968 to fund improvements to its wastewater collection system. The note was eligible to be forgiven if the Authority met certain criteria. The criteria were met, and the note was forgiven in full as of April 27, 2023.

As to the Town of Covington and Covington Utilities Authority, as of and for the fiscal year ended June 30, 2023:

- 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. The Town elected to exclude the note that was forgiven as discussed in item #6 above.

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*

Elfrink and Associates, PLLC  
Tulsa, Oklahoma  
June 5, 2024

**EXHIBIT 1**  
**TOWN OF COVINGTON**  
**SUMMARY OF CHANGES IN FUND BALANCES**  
**CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Beginning of Year <u>Fund Balances</u></b>	<b><u>Revenues</u></b>	<b><u>Expenses</u></b>	<b>End of Year <u>Fund Balances</u></b>
<b>TOWN:</b>				
General Fund	\$ 316,037	\$ 324,043	\$ (269,802)	\$ 370,278
Restricted Sales Tax Fund	355,081	43,598	(20,045)	378,634
Fire Fund	13,566	710	(1,388)	12,888
Street and Alley Fund	22,076	4,206	(2,181)	24,101
Covington Grant Fund	223	-	-	223
<b>Town Subtotal</b>	<u>706,983</u>	<u>372,557</u>	<u>(293,416)</u>	<u>786,124</u>
<b>UTILITY AUTHORITY:</b>				
Covington Utility Authority	<u>231,173</u>	<u>882,847</u>	<u>(871,256)</u>	<u>242,764</u>
<b>Overall Totals</b>	<u><u>\$ 938,156</u></u>	<u><u>\$ 1,255,404</u></u>	<u><u>\$ (1,164,672)</u></u>	<u><u>\$ 1,028,888</u></u>

## EXHIBIT 2

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, 2023

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ 331,806	\$ 331,806	\$ 316,037	\$ (15,769)
<b>Resources (Inflows):</b>				
TAXES	66,700	66,700	76,980	10,280
INTERGOVERNMENTAL	8,700	138,500	190,422	51,922
FINES AND FORFEITURES	25,000	25,000	30,788	5,788
INVESTMENT INCOME	500	500	1,375	875
MISCELLANEOUS	9,000	9,000	2,528	(6,472)
OTHER FINANCING SOURCES - TRANSFERS IN	35,000	35,000	21,950	(13,050)
Total resources and other financing sources	144,900	274,700	324,043	49,343
<b>Amounts available for appropriation</b>	<b>476,706</b>	<b>606,506</b>	<b>640,080</b>	<b>33,574</b>
<b>Charges to Appropriations (Outflows):</b>				
GENERAL GOVERNMENT	47,272	194,372	176,707	17,665
PUBLIC SAFETY	70,339	70,339	68,119	2,220
HIGHWAYS AND STREETS	20,700	20,700	18,612	2,088
CULTURE AND RECREATION	3,400	3,400	-	3,400
OTHER FINANCING USES - TRANSFERS OUT	18,429	18,429	6,364	12,065
<b>Total Charges to Appropriations</b>	<b>160,140</b>	<b>307,240</b>	<b>269,802</b>	<b>37,438</b>
<b>Ending Budgetary Fund Balance</b>	<b>\$ 316,566</b>	<b>\$ 299,266</b>	<b>\$ 370,278</b>	<b>\$ 71,012</b>



**EXHIBIT 2**  
**(Continued)**

**RESTRICTED SALES TAX FUND**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Beginning Budgetary Fund Balance</b>	\$ 316,945	\$ 316,945	\$ 355,081	\$ 38,136
<b>Resources (Inflows):</b>				
TAXES	32,000	32,000	32,383	383
INVESTMENT INCOME	350	350	1,215	865
MISCELLANEOUS REVENUE	-	-	10,000	10,000
<b>Total Resources</b>	32,350	32,350	43,598	11,248
<b>Amounts available for appropriation</b>	349,295	349,295	398,679	49,384
<b>Charges to appropriations (outflows):</b>				
STREETS	45,000	45,000	-	45,000
UTILITIES	15,000	15,000	-	15,000
OTHER FINANCING USES - TRANSFERS OUT	35,000	35,000	20,045	14,955
<b>Total Charges to Appropriations</b>	95,000	95,000	20,045	74,955
<b>Ending Budgetary Fund Balance</b>	<u>\$ 254,295</u>	<u>\$ 254,295</u>	<u>\$ 378,634</u>	<u>\$ 124,339</u>

**EXHIBIT 2**  
**(Continued)**

	<b>FIRE FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive (Negative)</b>
<b>Beginning Budgetary Fund Balance</b>	\$ 13,376	\$ 13,376	\$ 13,566	\$ 190
<b>Resources (Inflows):</b>				
INVESTMENT INCOME	-	-	85	85
MISCELLANEOUS REVENUE	700	700	625	(75)
<b>Total Resources</b>	700	700	710	10
<b>Amounts available for appropriation</b>	14,076	14,076	14,276	200
<b>Charges to appropriations (outflows):</b>				
FIRE	2,000	2,000	1,388	612
<b>Total Charges to Appropriations</b>	2,000	2,000	1,388	612
<b>Ending Budgetary Fund Balance</b>	<u>\$ 12,076</u>	<u>\$ 12,076</u>	<u>\$ 12,888</u>	<u>\$ 812</u>

**EXHIBIT 2**  
**(Continued)**

**STREET AND ALLEY FUND**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive (Negative)</b>
<b>Beginning Budgetary Fund Balance</b>	\$ 22,246	\$ 22,246	\$ 22,076	\$ (170)
<b>Resources (Inflows):</b>				
INTERGOVERNMENTAL	4,700	4,700	4,177	(523)
INVESTMENT INCOME	-	-	29	29
<b>Total Resources</b>	4,700	4,700	4,206	(494)
<b>Amounts available for appropriation</b>	26,946	26,946	26,282	(664)
<b>Charges to appropriations (outflows):</b>				
STREETS	5,500	5,500	2,181	3,319
<b>Total Charges to Appropriations</b>	5,500	5,500	2,181	3,319
<b>Ending Budgetary Fund Balance</b>	<u>\$ 21,446</u>	<u>\$ 21,446</u>	<u>\$ 24,101</u>	<u>\$ 2,655</u>

**EXHIBIT 2**  
**(Continued)**

	<b>GRANT FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive (Negative)</b>
<b>Beginning Budgetary Fund Balance</b>	\$ 223	\$ 223	\$ 223	\$ -
<b>Resources (Inflows):</b>				
GRANT REVENUE	162,595	162,595	-	(162,595)
OTHER FINANCING SOURCES - TRANSFER IN	18,429	18,429	-	(18,429)
<b>Total Resources</b>	181,024	181,024	-	(181,024)
<b>Amounts available for appropriation</b>	181,247	181,247	223	(181,024)
<b>Charges to appropriations (outflows):</b>				
UTILITIES	181,024	181,024	-	181,024
<b>Total Charges to Appropriations</b>	181,024	181,024	-	181,024
<b>Ending Budgetary Fund Balance</b>	\$ 223	\$ 223	\$ 223	\$ -

**EXHIBIT 3**

**TOWN OF COVINGTON, OKLAHOMA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE-CASH BASIS  
COVINGTON UTILITY AUTHORITY  
FOR THE YEAR ENDED JUNE 30, 2023**

**Operating Revenues:**

## Charges for services:

Gas	\$ 199,801
Water	161,542
Sewer	49,836
Refuse	60,747
Penalties	5,637
Miscellaneous	5,035

Total operating revenues	<u>482,598</u>
--------------------------	----------------

**Operating Expenses:**

Personal services	140,588
Materials and supplies	210,316
Other services and charges	212,862
Capital outlay	305,584

Total operating expenses	<u>869,350</u>
--------------------------	----------------

<b>Operating income (loss)</b>	<b>(386,752)</b>
--------------------------------	------------------

**Non-Operating Revenues (Expenses):**

Investment income	877
Miscellaneous	646
Loan proceeds	392,361

Total non-operating revenues	<u>393,884</u>
------------------------------	----------------

Net income (loss) before transfers	7,132
------------------------------------	-------

Transfers in from other funds	6,364
Transfers out to other funds	<u>(1,905)</u>

<b>Change in fund balance</b>	<b>11,591</b>
-------------------------------	---------------

<b>Total fund balance - beginning</b>	<b>231,173</b>
---------------------------------------	----------------

<b>Total fund balance - ending</b>	<b><u>\$ 242,764</u></b>
------------------------------------	--------------------------

Exhibit 4

**TOWN OF COVINGTON  
SCHEDULE OF GRANT ACTIVITY - CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Coronavirus State and Local Fiscal Recovery Funds</u>	<u>2021 REAP GA21-1</u>	<u>Rural Infrastructure Grant</u>	<u>Fire Operational Grant</u>
Awarding agency	U.S. Department of Treasury	Northern Oklahoma Development Authority	Oklahoma Department of Enviromental Quality	Oklahoma Department of Agriculture
AL No.	21.027	N/A	N/A	N/A
Award Amount	\$ 93,266	\$ 100,000	\$ 43,200	\$ 10,053
Program Budget	93,266	121,000	54,000	10,053
<b>Current Year Activity</b>				
Current Year Receipts:				
Received from agency	47,075	86,595	43,200	10,053
Received from local match	-	1,905	10,800	-
Total current year receipts	47,075	88,500	54,000	10,053
Current Year Disbursements	-	88,500	54,000	9,034
Beginning of Year Unexpended Grant Funds	46,633	-	-	-
End of Year Unexpended Grant Funds	<u>\$ 93,708</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,019</u>
<b>Program To-Date Activity</b>				
Program To-Date Receipts:				
Received from agency	93,708	100,000	43,200	10,053
Received from local funds	-	4,476	10,800	-
Total program To-Date Receipts	93,708	104,476	54,000	10,053
Program To-Date Disbursements	-	104,476	54,000	9,034
Program To-Date Unexpended Grant Funds	<u>\$ 93,708</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,019</u>

Note: The 2021 REAP GA21-1 grant is complete.