



# **TOWN OF FOREST PARK, OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

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# **INDEPENDENT AUDITOR'S REPORT**



**DILLON & ASSOCIATES, PC**  
Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and Members of the Town Council  
Town of Forest Park, Oklahoma

**Opinions**

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of the Town of Forest Park, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Forest Park, Oklahoma's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of the Town of Forest Park, Oklahoma, as of June 30, 2023, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

**Basis for Opinions**

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

**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.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

## INDEPENDENT AUDITOR'S REPORT - Continued

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Forest Park, Oklahoma's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Forest Park, Oklahoma's ability to continue as a going concern for a reasonable period of time.

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

### **Other Matters**

#### *Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis, budgetary comparison information and schedule of debt coverage requirements but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## INDEPENDENT AUDITOR'S REPORT - Continued

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2024, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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's internal control over financial reporting and compliance.

*Dillon & Associates, PC*

Midwest City, Oklahoma  
September 13, 2024

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**TOWN OF FOREST PARK, OKLAHOMA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Fiscal Year Ended June 30, 2023*

The management of the Town of Forest Park is pleased to provide this annual financial report to its citizens, taxpayers, and other report users to demonstrate its accountability and communicate the Town's financial condition and activities as of and for the year ended June 30, 2023. The management of the Town is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts. The Town reports its financial statements and schedules on a modified cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles. All of the financial analyses in this report must be considered within the context of the limitations of the modified cash basis of accounting.

### **Financial Highlights**

- As reported on a modified cash basis, the Town's total net position increased by \$98,188, and the assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$382,558 (net position). Of this amount, \$382,558 (unrestricted net position) is available to meet the government's ongoing obligations to citizens and creditors.
- At the end of fiscal year 2023, the Town's governmental funds reported combined ending fund balances on a modified cash basis of \$382,558, an increase of \$98,188 in comparison with the prior year's amount. Of this total amount, \$382,558 is *unassigned fund balance* for governmental funds.
- At the end of the fiscal year 2023, unassigned fund balance on a modified cash basis for the General Fund was \$382,558, or approximately 40.8% of total General Fund expenditures.
- Sales and use taxes increased by \$43,089 to \$286,578 or 17.7% over the prior fiscal year.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. You will also need to keep in mind that these government-wide statements are prepared in accordance with the modified cash basis of accounting and include only those Town assets and liabilities resulting from cash transactions with selected modifications.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad view of the Town of Forest Park's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town's residual assets and deferred outflows of resources over liabilities and deferred inflows of resources. Over time, increases or decreases in *net position* may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.



**TOWN OF FOREST PARK, OKLAHOMA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Fiscal Year Ended June 30, 2023*

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes, intergovernmental revenues and user fees and charges (governmental activities). The governmental activities of the Town include general government, public safety, and public works. The Town does not have any business-type activities.

The government-wide financial statements can be found on pages 9-11 of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains one individual governmental fund, their General Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund.

The Town adopts an annual appropriated budget for its general and other governmental funds. Budgetary comparison statements have been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found as listed in the table of contents.

**Proprietary funds.** The Town does not have any proprietary funds.

**TOWN OF FOREST PARK, OKLAHOMA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Fiscal Year Ended June 30, 2023*

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found as listed in the table of contents.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town's (a) variances in budget to actual revenues and expenditures for the General Fund. Required supplementary information can be found as listed in table of contents.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$382,558 at the close of the most recent fiscal year. The following table provides a summary of the Town's net position on a modified cash basis on June 30, 2023 compared to June 30, 2022.

Table 1  
Net Position (Modified Cash Basis)

	Governmental Activities <u>2023</u>	Governmental Activities <u>2022</u>
Current and other assets	\$ 386,426	287,992
Total assets	<u>386,426</u>	<u>287,992</u>
Other liabilities	3,868	3,622
Total liabilities	<u>3,868</u>	<u>3,622</u>
Net position:		
Unrestricted	382,558	284,370
Total net position	<u>\$ 382,558</u>	<u>284,370</u>

**TOWN OF FOREST PARK, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2023**

Table 2  
Changes in Net Position (Modified Cash Basis)

	Governmental Activities <u>2023</u>	Governmental Activities <u>2022</u>
Revenues:		
<i>Program revenues</i>		
Charge for services	\$ 277,614	292,327
Operating grants and contributions	127,764	98,116
Capital grants and contributions	54,385	-
<i>General revenue:</i>		
Sales and use taxes	286,578	243,489
Franchise taxes (fees)	62,561	28,893
Other taxes	13,872	15,024
Fines and forfeitures	217,698	186,079
Investment income	2,736	1,325
Other income	3,806	280
Total revenues	<u>1,047,014</u>	<u>865,533</u>
Expenses:		
General government	445,091	500,076
Public safety	414,053	437,176
Public works	89,682	89,514
Total expenses	<u>948,826</u>	<u>1,026,766</u>
Change in net position	98,188	(161,233)
Beginning net position	284,370	445,603
Ending net position	<u>\$ 382,558</u>	<u>284,370</u>

**TOWN OF FOREST PARK, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2023**

**Governmental Activities**

The Town's governmental activities had a increase in net position of \$98,188.

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2023	2022		2023	2022	
General government	\$ 445,091	500,076	89%	(18,854)	(114,396)	16%
Public safety	414,053	437,176	95%	(162,829)	(246,334)	66%
Public works	89,682	89,514	-	(89,682)	(89,514)	-
Total	\$ 948,826	1,026,766	92%	(271,365)	(450,244)	60%

**Financial Analysis of the Government's Funds**

For the year ended June 30, 2023, the General Fund total fund balance increased by \$98,188 to \$382,558 or 36.5% of annual revenues.

**General Fund Budgetary Highlights**

There were differences between the original budget and the final budget for the General Fund. Overall, actual revenues on the budgetary basis of \$1,047,014 were \$89,886 less than the estimated revenues in the budget of \$1,136,900. Actual expenditures of \$948,826 were \$29,776 more than the \$919,050 approved in budget appropriations. The carryover funds of the Town increased by \$98,188 to a balance of \$382,558.

**Economic Factors and Next Year's Budgets and Rates**

The Town's elected and appointed officials considered many factors when setting the fiscal-year 2023-2024 budget, tax rates, and fees that will be charged for town services. One of these factors is the economy. Slower growth of the national economy has affected the local economy. Unemployment is up, sales tax revenues, however, have shown slight growth for the last several years, and town fees were strong and have shown moderate growth.

These indicators were considered when adopting the general fund budget for 2023-2024.

- Revenues and expenses for the Town's general fund are expected to increase slightly over the actual amounts received and expended in the fiscal year ended June 30, 2023.

**Requests for Information**

This financial report is designed to provide our citizens, funding agencies, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Town of Forest Park, 4203 N. Coltrane Rd., Forest Park, Oklahoma 73121.

# **BASIC FINANCIAL STATEMENTS**

Town of Forest Park, Oklahoma  
Statement of Net Position - Modified Cash Basis  
June 30, 2023

	<u>Primary Government Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 189,051
Investments	197,375
Total assets	<u>386,426</u>
<b>LIABILITIES</b>	
Payroll liabilities	3,868
Total liabilities	<u>3,868</u>
<b>NET POSITION</b>	
Unrestricted	382,558
Total net position	\$ <u>382,558</u>

See Independent Auditor's Report.  
See accompanying notes to the basic financial statements.

**Town of Forest Park, Oklahoma**  
**Statement of Activities - Modified Cash Basis**  
**For the Year Ended June 30, 2023**

		Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Functions/Programs</b>	<u>Expenses</u>				
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 445,091	277,614	94,238	54,385	(18,854)
Public safety	414,053	217,698	33,526	-	(162,829)
Public works	89,682	-	-	-	(89,682)
Total government activities	<u>948,826</u>	<u>495,312</u>	<u>127,764</u>	<u>54,385</u>	<u>(271,365)</u>
Total primary government	<u>948,826</u>	<u>495,312</u>	<u>127,764</u>	<u>54,385</u>	<u>(271,365)</u>

Town of Forest Park, Oklahoma  
Statement of Activities - Modified Cash Basis  
For the Year Ended June 30, 2023

	Primary Government <u>Governmental</u> <u>Activities</u>
<b>Change in net position:</b>	
<b>Net (expense) revenue</b>	\$ <u>(271,365)</u>
<b>General revenues:</b>	
Taxes:	
Sales and use	286,578
Franchise	62,561
Other	13,872
Unrestricted investment income	2,736
Miscellaneous	3,806
<b>Total general revenues</b>	<u>369,553</u>
<b>Change in net position</b>	98,188
<b>Net position - beginning</b>	<u>284,370</u>
<b>Net position - ending</b>	\$ <u><u>382,558</u></u>

See Independent Auditor's Report.  
See accompanying notes to the basic financial statements.



Town of Forest Park, Oklahoma  
Governmental Funds  
Balance Sheet - Modified Cash Basis  
*June 30, 2023*

	General Fund	Total Governmental Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 189,051	189,051
Investments	197,375	197,375
Total assets	<u>386,426</u>	<u>386,426</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Payroll liabilities	3,868	3,868
Total liabilities (Note 2)	<u>3,868</u>	<u>3,868</u>
Fund balances:		
Unreserved, reported in:		
General fund	382,558	382,558
Total fund balances	<u>382,558</u>	<u>382,558</u>
Total liabilities and fund balances	<u>\$ 386,426</u>	<u>386,426</u>

See Independent Auditor's Report.  
See accompanying notes to the basic financial statements.

**Town of Forest Park, Oklahoma**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis**  
***For the Year Ended June 30, 2023***

	General Fund
<b>REVENUES</b>	
Taxes	\$ 363,011
Intergovernmental	182,149
Charge for services	277,614
Fines and forfeitures	217,698
Interest	2,736
Miscellaneous	3,806
Total revenues	<u>1,047,014</u>
<b>EXPENDITURES</b>	
Current:	
General government	445,091
Public safety	414,053
Public works	89,682
Total expenditures	<u>948,826</u>
Net change in fund balances	98,188
Fund balances-beginning	<u>284,370</u>
Fund balances-ending	<u>\$ 382,558</u>

See Independent Auditor's Report.  
 See accompanying notes to the basic financial statements.

# **NOTES TO BASIC FINANCIAL STATEMENTS**

**Town of Forest Park, Oklahoma**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

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

**Financial Reporting Entity**

In determining the financial reporting entity, the Town of Forest Park (the "Town") complies with the provisions of Governmental Accounting Standards Board (GASB) Statement Nos. 14, *The Financial Reporting Entity*, and Statement No. 61, *The Financial Reporting Entity: Omnibus*, that require the primary government and all component units of which the primary government is financially accountable be included in the financial report. The Town's financial reporting entity includes one separate legal entity reported as the primary government.

The Town of Forest Park, Oklahoma (the Town) was established in 1889 and operates under Title 11 of the *Oklahoma Statutes* - 12-101 - Statutory Town Board of Trustees. The Town provides the following services to its citizens: public safety (police and fire), public works (streets), culture and recreation, general government, and administration, along with contract services for sanitation.

**Basis of Accounting and Presentation**

The Town's basic financial statements consist of government-wide statements, including a statement of net position, and a statement of activities, and fund financial statements, which provide a more detailed level of financial statement information. The basis of accounting determines when transactions are recorded in financial records and reported on the financial statements. Government-wide financial statements are prepared using the modified cash basis of accounting.

**Government-wide Financial Statements** - The statement of net position and the statement of activities are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets, and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles. These modifications include adjustments for the following balances arising from cash transactions:

- Long-term debt
- Cash-based interfund receivables and payables
- Other cash-based receivables/payables
- Investments

As a result of the use of this modified cash basis of accounting, certain assets, and their related revenues (such as accounts receivable and revenue billed or provided services not yet collected, and accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) are not recorded in the financial statements. In addition, property, equipment, and infrastructure assets are not recorded or depreciated, nor is debt reflected as a liability.

**Town of Forest Park, Oklahoma**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Program revenues within the statement of activities that are derived directly from each activity or from parties outside the Town's taxpayers are reported as program revenues. The Town has the following program revenues in each activity:

- General government: License and permits, cemetery fees, operating and capital grants and contributions
- Public safety: Fine revenue, operating and capital grants and contributions
- Administration: Operating and capital grants and contributions
- Town fees: Utility charges

*Governmental Funds:*

The Town's governmental funds comprise of the following:

**Major Fund:**

- General Fund - accounts for all activities not accounted for in other special-purpose funds.

The governmental funds are reported on a modified cash basis of accounting. Only current financial assets and liabilities resulting from cash transactions are generally included on the fund balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. The fund financial statements use fund balance as their measure of available spendable financial resources at the end of the period.

**Cash and Cash Equivalents**

Cash and cash equivalents include all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three months or less, and money market accounts. Investments consist of long-term certificates of deposits and are reported at cost.

**Capital Assets**

Due to the use of the modified cash basis of accounting, capital assets and related depreciation are not reported in the financial statements.

**Compensated Absences**

As a result of the use of the modified cash basis of accounting, liabilities related to compensated absences are not recorded in the financial statements. Expenditures related to compensated absences are recorded when paid. The amount of accrued compensated absences for accumulated, unpaid compensatory time that would be due employees upon termination is not considered material due to the limited number of employees.

Town of Forest Park, Oklahoma  
Notes to Basic Financial Statements  
June 30, 2023

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Basis of Accounting and Presentation - Continued**

**Management's Review of Subsequent Events**

The Town's management has evaluated subsequent events through September 13, 2024, the date which financial statements were available to be issued and determined that no subsequent events have occurred that require adjustment to or disclosure in the financial statements.

**Fund Balances and Net Position**

*Fund Balances:*

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

- Nonspendable - includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted - consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- Committed - includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. The Town's highest level of decision-making authority is made by ordinance.
- Assigned - includes amounts that are constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by Town Board action or management decision when the Town Board has delegated that authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process.
- Unassigned - represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to a specific purpose within the general fund.

It is the Town's policy to first use restricted fund balance prior to the use of unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balances are available. The Town's policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Town of Forest Park, Oklahoma  
Notes to Basic Financial Statements  
June 30, 2023

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Fund Balances and Net Position - Continued**

*Net position:*

Net position is displayed in two components:

- *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.
- *Unrestricted net position* - All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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.

**NOTE 2 - DEPOSITS**

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

Deposits:	Carrying Value
Demand deposits	\$ 189,051
Time deposits	<u>197,375</u>
Total deposits and investments	\$ <u>386,426</u>

Reconciliation to Statement of Net Position:

Cash and cash equivalents	\$ 189,051
Investments	<u>197,375</u>
	\$ <u>386,426</u>

**Town of Forest Park, Oklahoma**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

**NOTE 2 - DEPOSITS - Continued**

**Custodial Credit Risk**

On June 30, 2023, the Town held deposits of approximately \$395,152 at financial institutions. The Town's cash deposits, including interest-bearing certificates of deposit.

The Town's policy as it relates to custodial credit risk is to comply with state law and secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100% of the uninsured deposits and accrued interest thereon. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations, surety bonds or certain letters of credit. As required by 12 U.S.C.A., Section 1823e, all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or the loan committee.

On June 30, 2023, the Town had no exposure to custodial credit risk as defined above.

**NOTE 3 - SALES TAX REVENUE**

Sales tax revenue represents a four-cent local tax on each dollar of taxable sales within the Town. Sales tax revenue is recorded in the General Fund for general operations.

**NOTE 4 - PROPERTY TAX REVENUE**

The Town presently levies no property tax. In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the Town.

**NOTE 5 - RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has insurance for the major risks such as property, general liability, and worker's compensation. Judgments against the Town may be paid by a property tax assessment over a three-year period.

<u>Type of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss_ Retained</u>
Torts, error, and omissions	Purchased commercial insurance	None
Workers' compensation	Purchased commercial insurance	None
Physical property loss and natural disasters	Purchased commercial insurance	None



**Town of Forest Park, Oklahoma**  
**Notes to Basic Financial Statements**  
**June 30, 2023**

**NOTE 6 - COMMITMENTS AND CONTINGENCIES**

**Litigation**

The Town is party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a 3-year period by the Town "Sinking Fund" for the payment of any court-assessed judgment rendered against the Town. These statutory provisions do not apply to the Town's public trust authority. While the outcome of the above noted proceedings cannot be predicted, due to insurance coverage maintained by the Town and the state statute relating to judgments, the Town believes that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the Town.

**Federal and State Award Programs**

The Town participates in various federal and/or state grant programs from year to year. The grant programs are subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant.

**NOTE 7 - EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN**

The Town participates in three employee pension systems as follows:

<u>Names of Plan/System</u>	<u>Type of Plan</u>
Oklahoma Police Pension and Retirement Fund	Cost Sharing Multiple Employer Defined Benefit Plan
Oklahoma Firefighters Pension and Retirement Fund	Cost Sharing Multiple Employer Defined Benefit Plan

**Oklahoma Police Pension and Retirement System (OPPRS)**

Plan Summary - The Town of Forest Park, as the employer, participates in the Police Pension & Retirement - a cost-sharing multi-employer defined benefit pension plan administered by the Oklahoma Police Pension & Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at [www.ok.gov/opprs](http://www.ok.gov/opprs).

Funding Policy - The Town of Forest Park contributes the following:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2021	\$ 5,213	5,213
2022	\$ 5,180	5,180
2023	\$ 6,060	6,060

Town of Forest Park, Oklahoma  
Notes to Basic Financial Statements  
June 30, 2023

**Oklahoma State Firefighters' Pension and Retirement System (OFPRS)**

Plan Summary - The OFPRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The ability to establish and amend benefit provisions is delegated to the administrators of the OFPRS. The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information for the firefighting employees of the Town. That report may be obtained by writing

to the Oklahoma State Firefighters' Pension and Retirement System, 4545 North Lincoln Boulevard, Suite 265, Oklahoma Town, Oklahoma 73105, or by calling 1-405-525-7813.

Funding Policy - The Town of Forest Park contributes \$60 per volunteer firefighter.

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2021	\$ 420	420
2022	\$ 300	300
2023	\$ 420	420

**REQUIRED  
SUPPLEMENTARY AND  
OTHER INFORMATION**

Town of Forest Park, Oklahoma  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis  
Budget and Actual  
For the Year Ended June 30, 2023

	Budget				Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Revisions</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>					
Taxes	\$ 351,225	-	351,225	363,011	11,786
Intergovernmental	287,300	-	287,300	182,149	(105,151)
Licenses and permits	25,000	-	25,000	24,260	(740)
Charge for services	251,000	-	251,000	253,354	2,354
Fines and forfeitures	220,000	-	220,000	217,698	(2,302)
Interest	200	-	200	2,736	2,536
Miscellaneous	2,175	-	2,175	3,806	1,631
Total revenues	<u>1,136,900</u>	<u>-</u>	<u>1,136,900</u>	<u>1,047,014</u>	<u>(89,886)</u>
<b>EXPENDITURES</b>					
General government:					
Administration	257,500	-	257,500	445,091	(187,591)
Public safety:					
Police	442,100	-	442,100	343,173	98,927
Fire	112,450	-	112,450	70,880	41,570
Public Works:					
Streets	107,000	-	107,000	89,682	17,318
Total expenditures	<u>919,050</u>	<u>-</u>	<u>919,050</u>	<u>948,826</u>	<u>(29,776)</u>
Excess (deficiency) of revenues over (under) expenditures	217,850	-	217,850	98,188	(119,662)
<b>OTHER FINANCING SOURCES (USES)</b>					
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	217,850	-	217,850	98,188	(119,662)
Fund balances - beginning	40,000	-	40,000	284,370	244,370
Fund balances - ending	<u>\$ 257,850</u>	<u>-</u>	<u>257,850</u>	<u>382,558</u>	<u>124,708</u>

Town of Forest Park, Oklahoma  
Schedule of Expenditures of Federal Awards - Modified Cash Basis  
For the Year Ended June 30, 2023

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS - THROUGH GRANTOR NUMBER	PROGRAM OR AWARD AMOUNT	EXPENDITURES
<u>FEDERAL PROGRAMS</u>				
<u>U.S. Department of Treasury:</u>				
<i>Passed through Oklahoma Office of Management and Enterprise Services:</i>				
<i>Direct Assistance:</i>				
COVID-19 Coronavirus State and Local Recovery Funds	21.027	N/A	\$ 94,186	94,186
<u>U.S. Department of Homeland Security:</u>				
<i>Passed through Oklahoma County, Oklahoma:</i>				
COVID-19 Coronavirus State and Local Recovery Funds	97.067	N/A	23,525	23,525
Total Federal Assistance			\$ 117,711	117,711

Town of Forest Park, Oklahoma  
Schedule of Expenditures of State Awards  
June 30, 2023

STATE GRANTOR/ PASS-THROUGH GRANTOR/ <u>PROGRAM TITLE</u>	<u>GRANTOR NUMBER</u>	PROGRAM OR AWARD <u>AMOUNT</u>	<u>STATE EXPENDITURES</u>
<b>STATE PROGRAMS</b>			
<u>State of Oklahoma</u>			
<i>Oklahoma Department of Agriculture, Food &amp; Forestry:</i>			
Fire Preparedness Program		\$ 10,053	10,053
<i>Passed Through Association of Central Oklahoma Governments:</i>			
REAP Grant	E5f-2023-3	30,835	30,835
REAP Grant	E5f-2023-4	35,906	35,906
		<hr/>	<hr/>
Total State of Oklahoma		<hr/> 76,794 <hr/>	<hr/> 76,794 <hr/>
Total State Assistance		\$ <hr/> 76,794 <hr/>	<hr/> 76,794 <hr/>



**DILLON & ASSOCIATES, PC**  
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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**

To the Users of the Town of Forest Park, Oklahoma, Annual Financial Report

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 financial statements of the governmental activities and each major fund of Town of Forest Park, Oklahoma (the Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Town's basic financial statements, and have issued our report thereon dated September 13, 2024. Our report also includes a paragraph which notes that the financial statements were prepared on the modified cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States. Our report also includes a paragraph which disclaims an opinion on budgetary comparison information - modified cash.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Town of Forest Park, Oklahoma's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Forest Park, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Forest Park, Oklahoma's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2023-001 through 2023-004 to be material weaknesses.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

**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* - Continued**

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Town'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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Findings and Responses as items 2023-005 and 2023-006.

Additionally, if the scope of our work had been sufficient to enable us to express opinions on the basic financial statements, other instances of noncompliance or other matters may have been identified and reported herein.

**Management's Response to Findings**

Management's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Management's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**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.

*Dillon & Associates, PC*

Midwest City, Oklahoma  
September 13, 2024



**TOWN OF FOREST PARK, OKLAHOMA  
SCHEDULE OF REPORTABLE FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2023**

**Finding 2023-001 - Internal Control - Segregation of Duties - Repeat Finding**

*Criteria* - Management is responsible for designing, implementing, and maintaining appropriate internal control over financial reporting and compliance.

Internal control is defined as a process implemented and monitored by the Town Council, management, and other personnel. The Internal Control System should be designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Reliability of financial reporting;
- Effectiveness and efficiency of operations;
- Compliance with applicable laws and regulations; and
- Compliance with all grant requirements.

The Internal Control Framework would include establishing or enhancing guidance in the following areas:

- *Control environment* sets the tone of a Town, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.
- *Risk assessment* is the Town's identification and analysis of relevant risks to achievement of its objectives, forming a basis for determining how risks should be managed.
- *Control activities* are the policies and procedures that help ensure that management directives are carried out.
- *Information and communication* systems support the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities.
- *Monitoring* is a process that assesses the quality of internal control performance over time.

The segregation of duties and responsibilities between different individuals for custody of assets, recordkeeping for those assets and reconciliation of those asset accounts is an important control activity needed to adequately protect the Town's assets and ensure accurate financial reporting.

*Condition* - Presently the Town did not have adequate segregation of duties during the period under audit for certain control functions related to cash deposits, disbursements, and billings for town fees, and did not take steps to provide for compensating controls. In addition, bank reconciliations were not completed on a timely basis.

*Cause* - The Town's limited size and staffing resources have made it difficult for management to provide sufficient staffing to fully segregate incompatible duties in a cost-effective manner.

*Effect or Potential Effect* - Without sufficient segregation of duties, the risk significantly increases that errors and fraud related to purchasing and deposit activities, including misappropriation of assets, could occur and not be detected within a timely basis.

**TOWN OF FOREST PARK, OKLAHOMA  
SCHEDULE OF REPORTABLE FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2023**

*Recommendation* - We recommend that management should consider a formal evaluation of the risks associated with these procedures. In response to the identified risks, consideration should be given to identifying and implementing controls that could help mitigate the risks associated with lack of control duties, such as providing increased management oversight and an independent reconciliation of accounts.

*Responsible Official's Response* - The Town concurs with the recommendation, although, the cost to correct this condition might exceed the benefit, the Town will strive to make changes in procedures that will improve the overall lack of segregation of duties.

**Finding 2023-002 - Internal Control - Closeout of Monthly Financial Reports - Repeat Finding**

*Criteria* - Management is responsible for establishing internal controls over the process of monthly financial reports.

*Condition* - There has been a lack of consistency in retaining all necessary detailed financial reports.

*Effect or Potential Effect* - The lack of proper month end closeout procedures makes it impossible to document and reconcile the financial transactions on a timely basis, catch possible errors and make the necessary corrections.

*Recommendation* - We recommend that the Town adopt a policy of using a checklist of necessary month end procedures and the retention of all necessary reports.

*Responsible Official's Response* - The Town concurs with the recommendation.

**Finding 2023-003 - Internal Control - Controls Over Budgetary Expenditures**

*Criteria* - Management is responsible for establishing internal controls to ensure expenditures are charged to the proper departments and do not exceed the budget requirements established in the Oklahoma Statutes.

*Condition* - Management did not prepare monthly reports comparing actual expenditure to the adopted budget.

*Effect or Potential Effect* - Without a proper actual to budgetary expenditure report it is impossible to ensure the statutory limitations have not been exceeded on a budgetary level.

*Recommendation* - We recommend that Town adopt a policy to have a report prepared monthly which shows each budgetary expenditure line compared to actual expenditures for that category. Budget amendments should be approved by the Town Council when necessary.

*Responsible Official's Response* - The Town concurs with the recommendation.

**TOWN OF FOREST PARK, OKLAHOMA  
SCHEDULE OF REPORTABLE FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2023**

**Finding 2023-004 - Internal Control - Controls Over Cash**

*Criteria* - Proper accounting procedures require that policies and procedures be established to ensure that all cash is properly accounted for, reconciled monthly, and any differences noted are identified and corrected.

*Condition* - It was determined during our engagement to audit that management does not have adequate controls and procedures over cash. Specifically, the following deficiencies were noted:

1. Monthly bank reconciliations were not prepared properly.
2. A detailed listing of outstanding checks and deposits in transit was not maintained.
3. Bank balances should be reviewed monthly to ensure they do not exceed the amount collateralized by pledged assets and FDIC limits.

*Effect or Potential Effect* - Adequate control procedures are not in place to ensure that cash reconciliations are performed on at least a monthly basis, cash balances are properly identifiable, daily closeout deposit sheets are properly prepared and bank balances are collateralized above FDIC limits. The potential effect is the possibility of a misuse of municipal funds and the difficulty of maintaining accurate accounting records. This contributed to a disclaimer of opinion.

*Recommendation* - In order to properly account for and safeguard cash, management should develop and adopt policies and procedures to ensure that cash reconciliations are performed on at least a monthly basis, cash balances for all accounts are easily identifiable, daily cash count sheets for registers are properly prepared, bank balances are properly collateralized, and cash advances are prohibited.

*Responsible Official's Response* - The Town concurs with the recommendation.

**Finding 2023-005 - Compliance Matter - Stipends Paid to Individuals Outside of the Payroll System**

*Criteria* - The Federal Internal Revenue Service requires stipends that are not considered de minimis in nature to be included in wages and a W-2 issued to the employee.

*Condition* - The Town has paid stipends in relation to the ARPA grant, stipends to volunteer firefighters and to employees for the use of their cellphones.

*Cause* - The Town failed to understand the Federal statutes related to stipends and payroll.

*Effect or Potential Effect* - Because of the failure individuals who received stipends did not receive a W-2 reporting the amounts as wages and the Town and the employees have failed to pay required payroll taxes to the Federal government.

*Recommendation* - We recommend that the Town review the requirements to include stipends as compensation and report them as wages.

*Responsible Official's Response* - The Town concurs with the recommendation and is changing the policy on reporting stipends.

**TOWN OF FOREST PARK, OKLAHOMA  
SCHEDULE OF REPORTABLE FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2023**

**Finding: 2023-006 - Compliance Matter - Filing with the State Auditor - Repeat Finding**

*Criteria:* In order to comply with filing of reports with the Oklahoma State Auditor and Inspector (State Auditor), management needs to appropriately monitor the timing of the submission of the filing of the audit report six months after the end of the fiscal year.

*Condition:* The implementation of a new accounting system was not timely implemented to ensure that the filing of 2023 audit report was filed within the required time frame.

*Cause and Effect:* The accounting system implementation was the cause due to the Town not being able to close the year-end financial statement within the required time frame to file with the State Auditor.

*Recommendation:* We recommend the internal controls for reporting with the state auditor be reviewed to ensure that future filings are completed within the prescribed timeline.

*Management Response:* The Town acknowledges the failure to timely file the audit report with the State Auditor and is implementing procedures to resolve the problem in the future.