

**Town of Sasakwa, Oklahoma**

**Financial Statements and Report  
of Independent Accountants**

**As of and For the Year Ending  
June 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Town of Sasakwa, Oklahoma

### Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the Town of Sasakwa, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Sasakwa'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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Sasakwa, 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 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 Sasakwa, 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made 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 the Town of Sasakwa'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 Sasakwa's ability to continue as a going concern for a reasonable period of time.

### ***Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2024, on our consideration of the Town of Sasakwa'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 solely 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 the effectiveness of the Town of Sasakwa's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Sasakwa's internal control over financial reporting and compliance.



Oklahoma City, Oklahoma  
June 3, 2024

**Town of Sasakwa**  
**Statement of Net Position - Modified Cash Basis - Government Wide**  
**For the Year Ended June 30, 2023**

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets:			
Cash in Bank: Restricted	47,510.02	2,510.45	50,020.47
Cash in Bank: Unrestricted	25,225.27	1,767.49	26,992.76
Total current assets	72,735.29	4,277.94	77,013.23
Non-Current Assets			
Net Property and Equipment	-	15,800.00	15,800.00
Total Assets	72,735.29	20,077.94	92,813.23
Liabilities			
Current liabilities			
Meter deposits	-	2,510.45	2,510.45
Total Liabilities	-	2,510.45	2,510.45
Net Assets			
Restricted	47,510.02	-	47,510.02
Unrestricted	25,225.27	17,567.49	42,792.76
Total Net Assets	72,735.29	17,567.49	90,302.78
Total liabilities and net assets	\$ 72,735.29	\$ 20,077.94	\$ 92,813.23

The accompanying notes are an integral part of these financial statements.

**Town of Sasakwa**  
**Statement of Activities - Modified Cash Basis - Government Wide**  
**For the Year Ending June 30, 2023**

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					Total
	Program Revenues	Primary Government				
	Expenses	Charges for Services	Grants and Contributions	Governmental Activities	Business - Type Activities	
<b>Primary government</b>						
Governmental activities						
General government	30,311.91	-	12,077.31	(18,234.60)	-	(18,234.60)
Fire	8,503.26	-		(8,503.26)	-	(8,503.26)
Total governmental activities	38,815.17	-	12,077.31	(26,737.86)	-	(26,737.86)
<b>Business-type activities</b>						
Water Department	16,010.68	23,681.24	-	-	7,670.56	7,670.56
Sewer Department	8,608.58	13,002.68	-	-	4,394.10	4,394.10
Sanitation Department	18,290.15	13,399.44	-	-	(4,890.71)	(4,890.71)
Total business-type activities	42,909.41	50,083.36	-	-	7,173.95	7,173.95
Total primary government	\$ 81,724.58	\$ 50,083.36	\$ 12,077.31	\$ (26,737.86)	\$ 7,173.95	\$ (19,563.91)
<b>General revenues:</b>						
				79,321.49	-	79,321.49
				974.00	-	974.00
				11,800.16	-	11,800.16
				27.58	7.98	35.56
				(10,000.00)	10,000.00	-
				82,123.23	10,007.98	92,131.21
				55,385.37	17,181.93	72,567.30
				17,349.92	385.56	17,735.48
				\$ 72,735.29	\$ 17,567.49	\$ 90,302.78

The accompanying note are an integral part of these financial statements.

**Town of Sasakwa**  
**Balance Sheet - Modified Cash Basis - Governmental Funds**  
**For the Year Ended June 30, 2023**

	General Fund	Fire Fund	Other Governmental Funds	Total
<b>Assets</b>				
Cash in bank - unrestricted	24,858.21	-	367.06	25,225.27
Cash in bank - restricted	-	47,510.02	-	47,510.02
Total assets	\$ 24,858.21	\$ 47,510.02	\$ 367.06	\$ 72,735.29

**Fund Balances**

Restricted	-	47,510.02	-	47,510.02
Unassigned	24,858.21	-	367.06	25,225.27
Total Liabilities and Fund Balances	\$ 24,858.21	\$ 47,510.02	\$ 367.06	\$ 72,735.29

***Reconciliation of Total Governmental Fund  
Balance to Net Assets of Governmental Activities  
as of June 30, 2023***

Total Governmental Fund Balances	24,858.21	47,510.02	367.06	72,735.29
Net Assets of Governmental Activities	\$ 24,858.21	\$ 47,510.02	\$ 367.06	\$ 72,735.29

The accompanying notes are an integral part of these financial statements.

**Town of Sasakwa**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis -**  
**Governmental Funds**  
**For the Year Ending June 30, 2021**

	General Fund	Fire Fund	Other Governmental Funds	Total
<b>Revenues</b>				
Sales & Use Tax	36,721.49	42,600.00	-	79,321.49
Cigarette Tax	247.48	-	-	247.48
Franchise Tax	974.00	-	-	974.00
Donations and Grants	12,077.31	-	-	12,077.31
Interest	27.58	-	-	27.58
Other Income	-	11,552.68	-	11,552.68
Total revenues	50,047.86	54,152.68		104,200.54
<b>Expenditures</b>				
Payroll Expenses	5,688.52	1,020.00	-	6,708.52
Insurance Expense	2,029.80	1,446.44	-	3,476.24
Professional Services	1,340.00	100.00	-	1,440.00
Supplies	1,168.74	-	-	1,168.74
Utilities	19,711.56	1,369.30	-	21,080.86
Other Services & Charges	373.29	4,567.52	-	4,940.81
Total expenditures	30,311.91	8,503.26		38,815.17
Operating Income	19,735.95	45,649.42	-	65,385.37
Transfers In (Out)	(10,000.00)	-	-	(10,000.00)
Net Change in Fund Balance	9,735.95	45,649.42	-	55,385.37
Beginning Fund Balance	15,122.26	1,860.60	367.06	17,349.92
Fund balance at end of year	\$ 24,858.21	\$ 47,510.02	\$ 367.06	\$ 72,735.29

***Reconciliation of Statement of Revenues,  
Expenditures and Changes in Fund  
Balances of Governmental Funds to the  
Statement of Activities for the Year  
Ending June 30, 2023***

Net change in Fund Balance - governmental funds	9,735.95	45,649.42	-	55,385.37
Change in Government Wide Net Assets	\$ 9,735.95	\$ 45,649.42	\$ -	\$ 55,385.37

The accompanying notes are an integral part of these financial statements.



**Town of Sasakwa**  
**Statement of Net Position - Modified**  
**Cash Basis - Proprietary Funds**  
**For the Year Ended June 30, 2023**

ASSETS	<u>Municipal Authority</u>
Current Assets:	
Cash in Bank - Unrestricted	1,767.49
Cash in Bank - Restricted	<u>2,510.45</u>
Total Current Assets	4,277.94
Noncurrent assets:	
Net Capital Assets	15,800.00
Total Assets	<u>\$ 20,077.94</u>
LIABILITIES	
Current Liabilities:	
Meter Deposits	<u>2,510.45</u>
Total Current Liabilities	2,510.45
Non-Current Liabilities:	
Total Liabilities	2,510.45
NET POSITION	
Invested in Capital Assets, Net of Related Debt	15,800.00
Unrestricted	<u>1,767.49</u>
Total Net Position	<u>17,567.49</u>
Total Liabilities & Net Position	<u>\$ 20,077.94</u>

The accompanying notes are an integral part of these financial statements.

**Town of Sasakwa**  
**Statement of Revenues, Expenses, and Changes in Net**  
**Position - Modified Cash Basis - Proprietary Funds**  
**For the Year Ended June 30, 2023**

<b>Operating Revenues</b>	<u>Municipal Authority</u>
Charges for Services:	
Water	23,681.24
Sewer	13,002.68
Sanitation	<u>13,399.44</u>
Total Operating Revenues	50,083.36
 <b>Operating Expenses</b>	
Payroll Expenses	21,825.19
Insurance Expense	8.00
Supplies	1,115.34
Software	3,908.81
Utilities	14,549.22
Water Testing	449.00
Other Services & Charges	<u>1,053.85</u>
	42,909.41
 <b>Nonoperating Revenues (Expenses)</b>	
Interest Income	7.98
Transfers In (Out)	<u>10,000.00</u>
Change in Net Position	<u>17,181.93</u>
Net Position - Beginning	<u>385.56</u>
Net Position - Ending	<u><u>\$ 17,567.49</u></u>

The accompanying notes are an integral part of these financial statements.

**Town of Sasakwa**  
**Statement of Cash Flows - Modified Cash Basis - Proprietary Funds**  
**For the Year Ended June 30, 2023**

	<u>Municipal Authority</u>
<b>Cash Flows From Operating Activities</b>	
Receipts from Customers	50,091.34
Payments to Suppliers	(21,084.22)
Payments to Employees	<u>(21,825.19)</u>
Net Cash Provided (Used) by Operating Activities	7,181.93
 Cash Flows from Investing Activities	
Capital Expenditures	(5,800.00)
 Net Increase (Decrease) in Cash	<u>1,381.93</u>
Beginning Balance	<u>2,896.01</u>
Ending Balance	<u><u>\$ 4,277.94</u></u>
 <i>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</i>	
Operating Income (Loss)	17,181.93
Transfers In (Including Capital Assets)	<u>(10,000.00)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 7,181.93</u></u>

The accompanying notes are an integral part of these financial statements.

**Town of Sasakwa, Oklahoma**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**Note 1-Summary of Significant Accounting Policies**

Financial Reporting Entity

The Town of Sasakwa, Oklahoma is a statutory town Government under Oklahoma Statutes. The Town provides the following services: public safety, judicial, streets, water, sanitation, and general administrative services.

The criteria used to determine which accounting entities, agencies, commissions, boards and authorities are part of the Town's operations include how the budget is adopted, whether debt is secured by general obligation of the Town, the Town's duty to cover any deficits that may occur, and supervision over the accounting functions. There are no agencies, organizations or activities meeting any of the above criteria that are excluded from the Town's reporting entity.

These financial statements present the activities of the Town and its component units, entities for which the Town is considered to be financially accountable. As of June 30, 2023, the Town had one component unit, the Sasakwa Utility Authority (Authority). The Authority is a public trust and an agency of the State of Oklahoma under Title 60 of the Oklahoma Statutes. The Authority is governed by nine trustees identical with the Town Board of Trustees.

Basis of Presentation-Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The Town's funds are grouped into two governmental fund types, general funds and special revenue funds. Proprietary funds include enterprise funds. As of June 30, 2023, the Town had governmental funds consisting of the following:

Major Funds:

- General Fund
- Fire Fund

Non-Major Funds

- Street and Alley Fund

The only proprietary fund was the Sasakwa Utility Authority.

## Basis of Presentation and Accounting

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the Town, the primary government, as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the modified cash basis of accounting and the economic resources measurement focus. Under the modified cash basis of accounting, revenues are recognized when collected and expenses are recognized when paid. Under the economic resources measurement focus, the government-wide financial statements report fixed assets, depreciation expense, and long-term debt.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect and program revenues for each segment of the business-type activities of the Town and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated among programs, functions and segments using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the Town.

### FUND FINANCIAL STATEMENTS

Fund financial statements report detailed information about the Town. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

### GOVERNMENTAL FUNDS

The governmental funds consist of the following:

**General Fund** – The General Fund is used to account for all of the general revenues of the Town not specifically levied or collected for other Town funds, and for expenditures primarily related to the rendering of general services to the Town.

**Special Revenue Funds** – Special Revenue Funds are established to account for revenues derived from specific taxes or other earmarked revenues. The following are classified as special revenue funds:

The governmental fund statements are prepared using the modified cash basis of accounting and the current financial resources measurement focus. The governmental fund financial statements record the proceeds of long-term debt as revenues and the repayment of long term debt as expenditures. Capital assets and depreciation expense are not reported on statements using the current financial resources measurement focus. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

## PROPRIETARY FUNDS

When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds include enterprise funds, which are used to account for business-like activities provided to the general public. Proprietary funds are reported on the modified cash basis of accounting using the economic resources measurement focus. Under the modified cash basis of accounting and economic resources measurement focus, capital assets are recognized and depreciated, long-term debt is reported, and certain current liabilities such as customer deposits are reported. Otherwise, revenues are recognized when collected, and expenses are recognized when paid.

### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less for the date of acquisition. Restricted cash consists of monies held in conjunction with the Sasakwa Municipal Authority's meter deposits requirements and various construction projects.

### Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances are not recognized as the equivalent of expenditures; therefore, the reserve for encumbrances is reported as part of the fund balance on the balance sheet. However, it should be noted that the Town did not recognize any outstanding reserves as of June 30, 2023.

### Budget

In accordance with the Oklahoma Statutes, Title 11, Section 3002, the Town Council formally adopts annual budgets which include substantially all funds. These annual budgets are adopted on a basis consistent with the guidelines established by the Oklahoma Municipal Budget Act.

### Risk Management

Significant losses are covered by commercial insurance for all Town operations.

### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Government-wide Proprietary Fund Net Assets

Government-wide and proprietary fund net assets are divided into three components:

- a. Invested in capital assets, net of related debt- consist of the historical cost of capital assets, loan proceeds that have not been spent less accumulated depreciation and less any debt that remains.
- b. Restricted net assets, consist of net assets that are restricted by the Town's creditors, by the state enabling legislation, by grantors and by other contributors.
- c. Unrestricted, all other net assets are reported in this category.

### Governmental Fund Balances

- a. Nonspendable, amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted, amounts that can be spent only for specific purposes because of the Town's ordinances, state or federal law, or externally imposed conditions by grantors or creditors.
- c. Committed, amounts that can be used only for specific purposes determined by a formal action by Board of Trustee's resolution.
- d. Assigned, amounts that are designated by the Board of Trustees

### Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net assets) the Town's policy is to first apply the expense toward the restricted resources and then toward unrestricted resources. In governmental funds, the town's policy is to first apply the expenditure toward restricted fund balances and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

### **Note 2-Deposits with Financial Institutions**

The accounts of the Town are required by state law to be secured by collateral pledged by the financial institution and/or FDIC insurance. The Town of Sasakwa is considered a separate entity from the Sasakwa Municipal Authority for FDIC deposit insurance.

In accordance with GASB No. 3, deposits are to be classified into the following three categories:

1. Insured or collateralized with securities held by the entity or by its agent or in the entity's name (Referred to as category 1)
2. Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name. (Referred to as category 2)
3. Uncollateralized, including any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or agent but not in the entity's name. (Referred to as category 3)

All of the Town of Sasakwa's government and enterprise fund cash and investment accounts would be considered as category 1 up to its FDIC limits of \$250,000 for the governmental funds and \$250,000 for the Sasakwa Municipal Authority. The remaining funds would be category 3.

**Note 5-Subsequent Events**

Subsequent events have been evaluated through May 25, 2024, which is the date the financial statements were issued.

**Note 6-Risk Management**

The Town is exposed to various risks and loss related to torts; theft of, damage to, and destruction of assets; errors and omission; and natural disasters. Commercial insurance is used to cover general liability claims, worker, compensation and the risk of loss to Town buildings and mobile equipment. Judgment against the Town may be paid by a property tax assessment over a three-year period.



# Russell & Williams, CPAs, P.C.

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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 Board of Trustees,  
Town of Sasakwa, 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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sasakwa, 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 Sasakwa, Oklahoma's basic financial statements and have issued our report thereon dated June 3, 2024.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Sasakwa, Oklahoma's internal control over financial reporting (internal control) as a basis for designing 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 of Sasakwa, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Sasakwa, 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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Sasakwa, 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 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 questioned costs as items 2023-1 and 2023-2.

### **Town of Sasakwa, Oklahoma's Response to Findings**

Town of Sasakwa, Oklahoma's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Sasakwa, Oklahoma's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.

A handwritten signature in black ink that reads "Russell & Williams CPAs PC". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma  
June 3, 2024

## **Schedule of Findings and Questioned Costs**

### **2023-1 – Meter Deposits**

**CONDITION:** The Municipal Authority does not keep a detailed list of customer deposits.

**CAUSE:** Unknown

**EFFECT:** Meter deposit liability is potentially misstated.

**RECOMMENDATION:** The amount of each customer's deposit is determined by the date the account was opened. If the Municipal Authority is unable to acquire this information otherwise, it should consider polling its customers to determine each customer's move-in date. A reasonable estimate of meter deposit reliability could then be made.

**RESPONSE:** The Municipal Authority will consider the recommendation.

### **2023-2 – Segregation of Duties**

**CONDITION:** The town clerk and utility billing clerk are the same person. Additionally, the person responsible for financial record-keeping also handles cash and check payments.

**CAUSE:** The Town and Municipal Authority have limited resources, so staff is limited.

**EFFECT:** Lack of segregation of duties leaves the Town and Municipal Authority vulnerable to fraud and/or error in the financial record-keeping.

**RECOMMENDATION:** The hiring of additional staff is recommended to

**RESPONSE:** The Town will consider the recommendation.