

**TOWN OF SOUTH COFFEYVILLE
NOWATA COUNTY, OKLAHOMA**

ANNUAL FINANCIAL STATEMENTS
AND ACCOMPANYING
INDEPENDENT AUDITOR'S REPORTS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

DAVID CLANIN CPA PLLC

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**Town of South Coffeyville, Oklahoma
Town Officials
June 30, 2022**

Board of Trustees

Mayor

Jerome Gnetak

Vice-Mayor

David Rexwinkle

Member

Tim Keeton

Member

Dorothy Perkins

Clerk/Treasurer

Janie Conley

**Town of South Coffeyville
Nowata County, Oklahoma
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To the Honorable Mayor and Town Council
Town of South Coffeyville, Oklahoma

Opinion

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Town of South Coffeyville, “the Town”, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town’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 financial position of the Town of South Coffeyville, as of June 30, 2022, and the changes in its financial position and, where applicable, cash flows for the year then ended in accordance with the modified cash basis of accounting.

Basis for Opinion

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, 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting, and 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in 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 and *Government Auditing Standards*, we:

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

Basis of Accounting

We draw attention to Note I 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.

Other Matters

The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2022, 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 controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

 CPA PLLC

November 18, 2022

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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 Honorable Mayor and Town Council
Town of South Coffeyville, Oklahoma

We have audited the financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of South Coffeyville as of and for the year ended June 30, 2022, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 18, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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 weakness or, significant deficiencies. Given these limitations, during our audit we did not note any matters involving the internal control over financial reporting that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of 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 my 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 (2022-01)

Town of South Coffeyville's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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 "David Clanin CPA PLLC". The signature is written in a cursive style.

David Clanin, CPA PLLC
November 18, 2022

Town of South Coffeyville, Oklahoma
Statement of Net Position – Modified Cash Basis
June 30, 2022

	Governmental Activities	Business-Type Activities	Total	Discretely Presented Component Unit
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 350,530.84	\$ 199,399.34	\$ 549,930.18	\$ 20,095.52
Noncurrent Assets:				
Restricted Assets:				
Cash and Investments	-	167,268.49	167,268.49	-
Capital Assets:				
Property, Plant and Equipment, net	1,136,984.00	657,282.00	1,794,266.00	243,680.37
Total Noncurrent Assets	1,136,984.00	824,550.49	1,961,534.49	243,680.37
TOTAL ASSETS	1,487,514.84	1,023,949.83	2,511,464.67	263,775.89
LIABILITIES				
Current Liabilities:				
Accrued Liabilities	13,494.88	-	13,494.88	-
Current Portion of Notes Payable	-	35,000.00	35,000.00	4,630.54
Noncurrent Liabilities:				
Payable from Restricted Assets:				
Meter Deposits Payable	-	84,910.33	84,910.33	-
Notes Payable	-	265,000.00	265,000.00	167,277.16
Total Noncurrent Liabilities	-	349,910.33	349,910.33	167,277.16
TOTAL LIABILITIES	13,494.88	384,910.33	398,405.21	171,907.70
NET POSITION				
Net Investment in Capital Assets	1,136,984.00	357,282.00	1,494,266.00	71,772.67
Restricted	-	138,635.33	138,635.33	-
Unrestricted	337,035.96	143,122.17	480,158.13	20,095.52
TOTAL NET POSITION	\$ 1,474,019.96	\$ 639,039.50	\$ 2,113,059.46	\$ 91,868.19

The accompanying Notes to the Financial Statements are an integral part of this statement

Town of South Coffeyville, Oklahoma
Statement of Activities – Modified Cash Basis
June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Discretely Presented Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental Activities:								
General Government:								
Maintenance and Operations	\$ 102,269.78	\$ 22,278.50	\$ -	\$ 138,401.58	\$ 58,410.30	\$ -	\$ 58,410.30	
Personal Services	40,456.21	-	-	-	(40,456.21)	-	(40,456.21)	
Total Public Safety and Judiciary	<u>142,725.99</u>	<u>22,278.50</u>	<u>-</u>	<u>138,401.58</u>	<u>17,954.09</u>	<u>-</u>	<u>17,954.09</u>	
Public Safety and Judiciary:								
Fire	47,848.85	-	-	-	(47,848.85)	-	(47,848.85)	
Police	382,209.87	118,880.85	-	-	(263,329.02)	-	(263,329.02)	
Emergency Management	23,847.53	-	-	-	(23,847.53)	-	(23,847.53)	
Total Public Safety and Judiciary	<u>453,906.25</u>	<u>118,880.85</u>	<u>-</u>	<u>-</u>	<u>(335,025.40)</u>	<u>-</u>	<u>(335,025.40)</u>	
Transportation								
Street and Alley	17,101.13	-	-	-	(17,101.13)	-	(17,101.13)	
Total Governmental Activities	<u>613,733.37</u>	<u>141,159.35</u>	<u>-</u>	<u>138,401.58</u>	<u>(334,172.44)</u>	<u>-</u>	<u>(334,172.44)</u>	
Business-Type Activities:								
Utilities	<u>1,507,731.60</u>	<u>1,639,630.88</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,899.28</u>	<u>131,899.28</u>	
Total	<u>2,121,464.97</u>	<u>1,780,790.23</u>	<u>-</u>	<u>138,401.58</u>	<u>(334,172.44)</u>	<u>131,899.28</u>	<u>(202,273.16)</u>	
Discretely Presented Component Unit:								
Economic Development	<u>15,754.18</u>	<u>17,000.00</u>	<u>-</u>	<u>-</u>				<u>1,245.82</u>
General Revenues:								
Taxes:								
Sales and Use Taxes					165,002.04	-	165,002.04	-
Motor Vehicle Collections					5,502.33	-	5,502.33	-
Alcoholic Beverage Tax					17,916.55	-	17,916.55	-
Gasoline Tax					1,746.41	-	1,746.41	-
Tobacco Tax					1,133.95	-	1,133.95	-
Investment Income (Expense)					142.07	183.95	326.02	(4,480.52)
Donations					7,211.45	-	7,211.45	-
Miscellaneous Income (Expense)					28,609.00	(18,087.55)	10,521.45	-
Transfers					<u>(24,000.00)</u>	<u>-</u>	<u>(24,000.00)</u>	<u>24,000.00</u>
Total General Revenues and Transfers					<u>203,263.80</u>	<u>(17,903.60)</u>	<u>185,360.20</u>	<u>19,519.48</u>
Change in Net Position					(130,908.64)	113,995.68	(16,912.96)	20,765.30
Net Position, Beginning of Year					1,604,928.60	525,043.82	2,129,972.42	71,102.89
Net Position, End of Year					<u>\$ 1,474,019.96</u>	<u>\$ 639,039.50</u>	<u>\$ 2,113,059.46</u>	<u>\$ 91,868.19</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

Town of South Coffeyville, Oklahoma
Balance Sheet – Governmental Funds – Modified Cash Basis
June 30, 2022

	General Fund	Special Revenue Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 123,123.68	\$ 227,407.16	\$ 350,530.84
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accrued Liabilities	\$ 13,494.88	\$ -	\$ 13,494.88
Fund Equity:			
Cash Fund Balance, Assigned	78,336.08	227,407.16	305,743.24
Cash Fund Balance, Unassigned	31,292.72	-	31,292.72
TOTAL LIABILITIES AND FUND EQUITY	\$ 123,123.68	\$ 227,407.16	\$ 350,530.84

The accompanying Notes to the Financial Statements are an integral part of this statement

Town of South Coffeyville, Oklahoma
Reconciliation of Governmental Fund and Government – Wide
Statement of Net Position – Modified Cash Basis
June 30, 2022

Total Governmental Funds Balance	\$ 337,035.96
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The cost of the assets is \$2,623,417 and the accumulated depreciation is \$1,486,433 for a net book value of \$1,136,984	<u>1,136,984.00</u>
Net Position of Governmental Activities	<u><u>\$ 1,474,019.96</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement

Town of South Coffeyville, Oklahoma
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
– Modified Cash Basis
For the Year Ended June 30, 2022

	General Fund	Special Revenue Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Taxes	\$ 184,052.54	7,248.74	191,301.28
Fines & Forfeitures	110,373.83	8,507.02	118,880.85
Interest	124.20	142.07	266.27
Donations	20,250.00	7,211.45	27,461.45
Grants	133,638.50	4,763.08	138,401.58
Charges for Services	3,400.00	18,878.50	22,278.50
Reimbursements	36,227.60	-	36,227.60
Miscellaneous	7,730.71	28,609.00	36,339.71
Total Revenues	<u>495,797.38</u>	<u>75,359.86</u>	<u>571,157.24</u>
Expenditures			
Current:			
Personal Services	313,879.15	-	313,879.15
Maintenance and Operations	217,700.93	22,624.30	240,325.23
Capital Outlay	122,161.50	58,799.00	180,960.50
Total Expenditures	<u>653,741.58</u>	<u>81,423.30</u>	<u>735,164.88</u>
Excess (deficiency) of revenues over expenditures	(157,944.20)	(6,063.44)	(164,007.64)
Other Financing Sources (uses)			
Transfers	<u>(24,000.00)</u>	<u>-</u>	<u>(24,000.00)</u>
Net Change in Fund Balance	(181,944.20)	(6,063.44)	(188,007.64)
Fund Balance - Beginning	<u>291,573.00</u>	<u>233,470.60</u>	<u>525,043.60</u>
Fund Balance - Ending	<u>\$ 109,628.80</u>	<u>227,407.16</u>	<u>337,035.96</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

Town of South Coffeyville, Oklahoma
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances to the Government – Wide Statement of Activities
– Modified Cash Basis
For the Year Ended June 30, 2022

Net Change in Fund Balances - Governmental Funds \$ (188,007.64)

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

In the governmental funds, capital outlays are reported as expenditures while in the government-wide statement of activities, depreciation expense is reported to allocate those expenditures over the life of the assets.

Capital Asset Purchases Capitalized	\$ 122,162.00	
Depreciation expense	<u>(65,063.00)</u>	<u>57,099.00</u>

Change in Net Position of Governmental Activities \$ (130,908.64)

The accompanying Notes to the Financial Statements are an integral part of this statement

Town of South Coffeyville, Oklahoma
Statement of Net Position – Proprietary Fund – Modified Cash Basis
June 30, 2022

	<u>Utility Fund</u>	<u>Sewer Fund</u>	<u>Public Works Authority Enterprise Fund</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 94,356.66	105,042.68	199,399.34
Non-Current Assets:			
Restricted Assets:			
Cash and Investments	113,018.49	54,250.00	167,268.49
Capital Assets:			
Property and Equipment, net	148,832.00	508,450.00	657,282.00
Total NonCurrent Assets	<u>261,850.49</u>	<u>562,700.00</u>	<u>824,550.49</u>
TOTAL ASSETS	<u>356,207.15</u>	<u>667,742.68</u>	<u>1,023,949.83</u>
 LIABILITIES:			
Current Liabilities:			
Current Portion of Notes Payable	<u>-</u>	<u>35,000.00</u>	<u>35,000.00</u>
Noncurrent Liabilities			
Payable from Restricted Assets:			
Meter Deposits Payable	84,910.33	-	84,910.33
Notes Payable	<u>-</u>	<u>265,000.00</u>	<u>265,000.00</u>
Total Noncurrent Liabilities	<u>84,910.33</u>	<u>265,000.00</u>	<u>349,910.33</u>
TOTAL LIABILITIES	<u>84,910.33</u>	<u>300,000.00</u>	<u>384,910.33</u>
 NET POSITION			
Net Investment in Capital Assets	148,832.00	208,450.00	357,282.00
Restricted	64,308.98	54,250.00	118,558.98
Unrestricted	<u>58,155.84</u>	<u>105,042.68</u>	<u>163,198.52</u>
TOTAL NET POSITION	<u>\$ 271,296.82</u>	<u>367,742.68</u>	<u>639,039.50</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

Town of South Coffeyville, Oklahoma
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund – Modified Cash Basis
For the Year Ended June 30, 2022

	Utility Fund	Sewer Fund	Public Works Authority Enterprise Fund
Operating Revenues			
Electric	\$ 1,146,863.38	-	1,146,863.38
Water	235,252.33	-	235,252.33
Sewer	18,260.02	149,310.09	167,570.11
Trash and Landfill	67,038.57	-	67,038.57
Miscellaneous	21,571.42	1,335.07	22,906.49
Total Operating Revenues	<u>1,488,985.72</u>	<u>150,645.16</u>	<u>1,639,630.88</u>
Operating Expenses			
Purchased Water	106,322.42	-	106,322.42
Purchased Sanitation	57,264.53	-	57,264.53
Purchased Electric	584,473.98	-	584,473.98
Personnel Expense	364,117.94	5,299.89	369,417.83
Maintenance and Operations	315,706.29	41,125.55	356,831.84
Depreciation	28,069.00	5,352.00	33,421.00
Total Operating Expenses	<u>1,455,954.16</u>	<u>51,777.44</u>	<u>1,507,731.60</u>
Operating Income (Loss)	<u>33,031.56</u>	<u>98,867.72</u>	<u>131,899.28</u>
Non-Operating Revenues (Expenses)			
Interest Income	144.51	39.44	183.95
Interest Expense	-	(18,087.55)	(18,087.55)
Transfers	-	-	-
Total Non-Operating Revenues (Expenses)	<u>144.51</u>	<u>(18,048.11)</u>	<u>(17,903.60)</u>
Change in Net Position	33,176.07	80,819.61	113,995.68
Net Position, Beginning of Year	<u>238,120.75</u>	<u>286,923.07</u>	<u>525,043.82</u>
Net Position, End of Year	<u>\$ 271,296.82</u>	<u>367,742.68</u>	<u>639,039.50</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

Town of South Coffeyville, Oklahoma
Statement of Cash Flows – Proprietary Fund – Modified Cash Basis
For the Year Ended June 30, 2022

Cash Flows from Operating Activities

Cash Inflows:	
Payments Received from Customers	\$ 1,639,630.88
Total Cash Provided	<u>1,639,630.88</u>
Cash Outflows:	
Payments for Salaries and Benefits	(369,417.83)
Payments for Goods and Services	<u>(1,104,892.77)</u>
Total Cash Used	<u>(1,474,310.60)</u>
Net Cash Provided (Used) by Operating Activities	<u>165,320.28</u>

Cash Flows from Noncapital Financing Activities

Purchases of Capital Assets	-
Receipt of Meter Deposits (net)	525.00
Transfers to General Fund	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>525.00</u>

Cash Flows from Capital and Related Financing Activities

Principal Paid on Capital Debt	(35,000.00)
Interest Paid on Capital Debt	<u>(18,087.55)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(53,087.55)</u>

Cash Flows from Investing Activities

Interest Received	183.95
	<u>183.95</u>

Net Cash Inflow (Outflow) from All Activities 112,941.68

Cash and Cash Equivalents, Beginning of Year 269,076.15

Cash and Cash Equivalents, End of Year \$ 382,017.83

Cash and Cash Equivalents	
Unrestricted	\$ 214,749.34
Restricted	<u>167,268.49</u>
	<u>\$ 382,017.83</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

Town of South Coffeyville, Oklahoma
Statement of Cash Flows – Proprietary Fund – Modified Cash Basis (continued)
For the Year Ended June 30, 2022

	Public Works Authority <u>Enterprise Fund</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ 131,899.28
Depreciation	33,421.00
Increase (Decrease) in:	
Accrued Payables	-
 Net Cash Provided (Used) by Operating Activities	 \$ 165,320.28

The accompanying Notes to the Financial Statements are an integral part of this statement

Town of South Coffeyville, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2022

I. Summary of Significant Accounting Policies

The following notes to the financial statements are an integral part of the Town's financial statements.

The Town's financial statements are prepared on the 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.

A. Reporting Entity

The Town of South Coffeyville, Oklahoma was organized under the statutes of the State of Oklahoma. The Town operates under a town form of government and is governed by a five-member board of trustees. The trustees elect the mayor from their own body. The Town provides the following services: general government, public safety (fire and police), streets, public works (water, sewer, trash, and animal control), judicial, public improvements, and planning and zoning for the geographical area organized as the Town of South Coffeyville, Oklahoma.

Component Units

For financial reporting purposes, the Town includes all component units that are controlled by or dependent on the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the Town, obligation of the Town to finance any deficit which may occur, or receipt of significant subsidies from the Town. Based on the foregoing criteria, the Town of South Coffeyville Public Works Authority is blended into the Town's financial statements.

Due to restrictions of the State Constitution relating to the issuance of municipal debt, the Town created a public trust to finance Town services with revenue bonds or other non-general obligation financing. Financing services provided by the public trust are solely for the benefit of the Town. The public trust created to provide financing services is blended into the Town's primary government although retaining separate legal identity.

The Town of South Coffeyville Public Works Authority is a public trust created under authority of and pursuant to the provisions of Sections 176-180, inclusive, of Title 60, Oklahoma Statutes 1981, and Oklahoma Trust Act, which declaration of trust is recorded in the office of the County Clerk, Nowata County, Oklahoma.

In order to facilities the enlargement and improvement to the sanitary system owned by the Town of South Coffeyville Public Works Authority, the Town leased the sewer and water distribution systems to the Authority on August 1, 1990. On September 1, 1990, the Town of South Coffeyville Public Works Authority executed an operation and maintenance agreement whereby the Town must administer, operate, and maintain and repair all facilities on a day-to-day basis on behalf of the Authority.

In April 2013, the South Coffeyville Area Development Authority was created under Title 60, Oklahoma Statutes 2011, Section 176 et seq., as amended and supplemented as a public trust for the benefit of the Town.

B. Description of government wide financial statements

The government-wide financial statements (i.e., statement of net position and statement of activities) report information on activities of the primary government and its component units. Government activities, which normally are supported by taxes and intergovernmental revenues, and other non-exchange transaction are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

The government-wide financial statements 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 change 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.

Town of South Coffeyville, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2022

I. Summary of Significant Accounting Policies (continued)

B. Description of government wide financial statements (continued)

Only cash (and cash equivalents) and items that involve the receipt or disbursement of cash (or cash equivalents) during the period are recognized, except for the following modifications:

- (1) Interfund receivables and payables that arise from transactions and events involving cash or cash equivalents are recognized.
- (2) Assets that normally convert to cash or cash equivalents (e.g., certificates of deposit, marketable investments, and receivables resulting from loans) that arise from transactions and events involving cash or cash equivalents are recognized; and
- (3) Liabilities for cash (or cash equivalents) held on behalf of others, held in escrow, or received in advance of being earned or meeting eligibility requirement are recognized.

As a result of the use of this modified cash basis of accounting, certain transactions are not recorded in the financial statements. For example, accounts receivable and revenue for billed or provided services that have not been collected in cash are not accrued as revenue or receivables. Additionally, capital assets such as property, equipment, and infrastructure are not reported and long-term liabilities such as debt and compensated absences are also not reported.

C. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise fund. Separate financial statements are provided from government funds and proprietary funds.

The government-wide financial statements are presented on the modified cash basis of accounting. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of presentation – fund financial statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are two categories of funds: governmental and proprietary.

Governmental Funds – used to account for the Town's general activities. Governmental fund types use the flow of current financial resources measurement focus and the modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenue, and expenditures/expenses when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Town of South Coffeyville, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2022

I. Summary of Significant Accounting Policies (continued)

D. Basis of presentation – fund financial statements (continued)

Fund Accounting

As a result of the use of this modified cash basis of accounting, certain assets and their related revenue and certain liabilities and their related expenses are not recorded in these financial statements.

The following are Town’s major funds:

- General Fund – Accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- Special Revenue Funds – Account for operating funds for which revenues were derived from specific taxes, grants or other earmarked revenue sources.
- Enterprise Funds (Proprietary Funds) – Used for operations: (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the cost (expenses, including depreciation) of providing the goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

E. Assets, Liabilities and Equity

Cash and Cash Equivalents

For the purpose of the Statement of Net Position – Modified Cash Basis, “cash, including time deposits” includes all demand, savings accounts, and certificates of deposit of the Town. For the purposes of the proprietary fund Statement of Cash Flows – Modified Cash Basis, “cash and cash equivalents” includes all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Capital Assets

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. The Town of South Coffeyville currently has no capitalization policy.

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

Buildings	20-60 years
Improvements	20-60 years
Machinery and Equipment	3-20 years
Utility System	20-60 years
Infrastructure	20-60 years

Town of South Coffeyville, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2022

I. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Equity (continued)

Capital Assets (continued)

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. Financial requirements of the promissory notes with RECD require that funds be held in a reserve account. Under the terms and provisions of the promissory notes, these funds are maintained with the Trustee bank and are not subject to lien or attachment by any other creditors. These funds are to be maintained so long as the notes are outstanding. Also included in restricted assets are funds on deposit representing utility customer meter deposits which are refundable to the customer.

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of note payable and capitalized lease obligations.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as revenue and payments of principal and interest are reported as expenditures. The accounting for long-term debt of the proprietary fund is the same in the fund statements as it is in the government-wide statements.

Equity Classifications

Net Position/Fund Balance

In the government-wide financial statement, net assets represent the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws or other governments, or are imposed by law through constitutional provisions or enabling legislation.

In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints places on the use of resources for specific purposed versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e., fund balance associated with assets that are not in spendable form, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

Amounts in the *spendable* fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

Town of South Coffeyville, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2022

I. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Equity (continued)

Equity Classifications (continued)

Net Position/Fund Balance (continued)

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors, or laws and regulations of other governments; or by law through constitutional provision or enabling legislation.

Committed fund balance represents amounts that are usable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes by taking action similar to that which imposed the commitment. The Town's Board of Trustees is the highest level of decision-making authority of the Town.

Assigned fund balance represents amounts that are *intended* to be used for specific purposes but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds *other than the general fund*, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purpose in accordance with the provisions of the standard.

Unassigned fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

Resource Use Policy

It is in the Town's policy for all funds that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources, including fund balances, are available, the Town considers the restricted amounts to be spent first before any unrestricted amounts are used. Furthermore, it is the Town's policy that when an expenditure/expense is incurred for purposes for which committed, assigned or unassigned resources, including fund balances, are available, the Town considers committed, amounts to be spent first, followed by assigned amounts, and lastly, unassigned amounts.

F. Revenues, Expenditures and Expenses

Sales Tax

The Town presently levies a sales tax on taxable sales within the Town. The sales tax is collected by the Oklahoma Tax Commission and remitted to the Town in the month following receipt by the Tax Commission. The Tax Commission receives the sales tax approximately one month after collection by vendors. The sales tax is recorded entirely in the General Fund.

Use Tax

The Town levies a use-tax on personal property purchased outside the town limits but stored, used or consumed within the town. The use tax is collected by the Oklahoma Tax Commission and remitted to the Town in the month following receipt by the Tax Commission, which is one month after the tax is received from the vendors. The use taxes are allocated entirely to the General Fund.

Town of South Coffeyville, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2022

I. Summary of Significant Accounting Policies (continued)

F. Revenues, Expenditures and Expenses (continued)

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character: Current (further classified by function), Debt Service, Capital Outlay

Proprietary Funds – By Operating and Non-Operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent re-allocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities – Modified Cash Basis, all interfund transfers between individual governmental funds have been eliminated.

II. Stewardship, Compliance and Accountability

By its nature as a local government unit, the Town and its component unit are subject to various federal, state, and local laws and contractual regulations. An analysis of the Town’s compliance with significant laws and regulations and demonstration of its stewardship over Town resources follows.

A. Fund Accounting Requirements

The Town complies with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the town include the following:

<u>Fund</u>	<u>Required By</u>
Utility Authority Fund	Trust Indenture
Economic Development Authority Fund	Trust Indenture

B. Deposit and Investments Laws and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Town must have a written collateral agreement approved by the board of directors or loan committee. As reflected in note III A., all deposits were fully insured or collateralized.

Public trusts created under O.S. Title 60 are not subject to the above noted investment limitations and are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2022, the Town and its public trusts complied, in all material respects, with these investment restrictions.

Town of South Coffeyville, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2022

II. Stewardship, Compliance and Accountability (continued)

C. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Gasoline Excise Tax	Street and Alley Purposes
Commercial Vehicle Tax	Street and Alley Purposes
Utility Revenue	Debt Service and Utility Operations

For the year ended June 30, 2022, the Town complied, in all material respects, with these revenue restrictions.

D. Debt Restrictions and Covenants

General Obligation Debt

Article 10, Sections 26 and 27 of the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10% of net assessed valuation. For the year ended June 30, 2022, the Town had no outstanding general obligation debt.

Other Long-Term Debt

Except as noted in the following paragraph, as required by the Oklahoma State Constitution, the Town (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue, without first obtaining voter approval. For the year ended June 30, 2022, the Town incurred no such indebtedness.

Notes Payable

The various loan agreements relating to the notes payable issuances of South Coffeyville Public Works Authority contain some financial restrictions or covenants. These include covenants such as the required reserve account balances. As of June 30, 2022, the Town was in material compliance with required covenants.

E. Fund Equity Restrictions

Deficit Prohibition

Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund. The Town complied with this statute in all material respects for the year ended June 30, 2022.

Town of South Coffeyville, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2022

III. Detailed Notes on Transaction Classes/Accounts

A. Cash and Investments

Authorized Investments

Town policy for eligible investments is governed by State statutes which, in general, allow the Town to invest in obligations of the United States and insured or collateralized Certificate of Deposits. Investment income is recorded in the fund in which it is earned.

Custodial Credit Risk – Deposit: Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town’s cash deposits, including interest-bearing certificates of deposit, are maintained in financial institutions. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2022, the Town and Public Works were fully collateralized.

B. Restricted Assets

The amounts reported as restricted assets are comprised of cash held in trust on behalf of the Public Works Authority related to their required note payable reserve account and amounts held in trust for customer utility meter deposits.

Debt Service

As of June 30, 2022, the Sewer Fund (PWA) had one cash account restricted as to use. The Sewer Debt Reserve account, required by the bond indenture agreement, had \$54,250 at year end.

Utility Deposit

The Public Works Authority is holding customers’ meter deposits in the amount of \$84,910.33 and has assets reserved to refund these deposits, as required by statute.

The restricted assets as of June 30, 2022, are as follows:

Water Meter Deposits	84,910.33
Loan Reserve Requirement	<u>54,250.00</u>
	<u><u>\$ 139,160.33</u></u>

Town of South Coffeyville, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2022

III. Detailed Notes on Transaction Classes/Accounts (continued)

C. Capital Assets

Capital asset activity for the year was as follows:

	Balance June 30, 2021	Additions	Disposals	Balance June 30, 2022
Governmental Activities:				
Non-depreciable assets:				
Land	\$ 16,000.00	\$ -	\$ -	\$ 16,000.00
Depreciable assets:				
Buildings	67,545.00	-	-	67,545.00
Equipment	609,401.00	-	-	609,401.00
Furniture and Fixtures	10,993.00	-	-	10,993.00
Vehicles	586,159.00	69,399.00	-	655,558.00
Infrastructure	1,211,157.00	52,763.00	-	1,263,920.00
Total Depreciable assets	2,485,255.00	122,162.00	-	2,607,417.00
Total Capital Assets	2,501,255.00	122,162.00	-	2,623,417.00
Total Accum Depreciation	(1,421,370.00)	(65,063.00)	-	(1,486,433.00)
Net Capital Assets	\$ 1,079,885.00	\$ 57,099.00	\$ -	\$ 1,136,984.00
Business-Type Activities - Utility:				
Non-depreciable assets:				
Land	\$ 9,375.00	\$ -	\$ -	\$ 9,375.00
Depreciable assets:				
Equipment	\$ 372,576.00	\$ -	\$ -	\$ 372,576.00
Buildings	70,502.00	-	-	70,502.00
Vehicles	138,293.00	-	-	138,293.00
Infrastructure	27,593.00	-	-	27,593.00
Total Depreciable assets	608,964.00	-	-	608,964.00
Total Capital Assets	618,339.00	-	-	618,339.00
Total Accum Depreciation	(441,438.00)	(28,069.00)	-	(469,507.00)
Net Capital Assets	\$ 176,901.00	\$ (28,069.00)	\$ -	\$ 148,832.00
Business-Type Activities - Sewer:				
Non-depreciable assets:				
Land	\$ 9,000.00	\$ -	\$ -	\$ 9,000.00
Depreciable assets:				
Equipment	\$ 30,735.00	\$ -	\$ -	\$ 30,735.00
Infrastructure	715,539.00	-	-	715,539.00
Total Depreciable assets	746,274.00	-	-	746,274.00
Total Capital Assets	755,274.00	-	-	755,274.00
Total Accum Depreciation	(241,472.00)	(5,352.00)	-	(246,824.00)
Net Capital Assets	\$ 513,802.00	\$ (5,352.00)	\$ -	\$ 508,450.00

Town of South Coffeyville, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2022

III. Detailed Notes on Transaction Classes/Accounts (continued)

C. Capital Assets (continued)

Capital asset activity for the South Coffeyville Area Development Authority was as follows:

Area Development Authority

Non-depreciable assets:								
Land	\$	10,000.00	\$	-	\$	-	\$	10,000.00
Depreciable assets:								
Building	\$	-	\$	238,620.37	\$	-	\$	238,620.37
Total Depreciable assets		-		238,620.37		-		238,620.37
Total Capital Assets		10,000.00		238,620.37		-		248,620.37
Total Accum Depreciation		-		(4,940.00)		-		(4,940.00)
Net Capital Assets	\$	10,000.00	\$	233,680.37	\$	-	\$	243,680.37

Depreciation expense was charged to governmental and business-type activities as follows:

Government Activities	\$	65,063.00
Public Works Authority		
Utility		28,069.00
Sewer		5,352.00
Total Depreciation Expense	\$	98,484.00

D. Long-Term Debt

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities, business-type activities and discretely presented component units. Per 62 O.S. 430.1, any lease obligations from governmental activities extending beyond June 30 of the fiscal year shall contain provisions for mutual ratification of renewal.

Public Works Authority – Sewer Fund

The Authority's long-term debt at June 30, 2022 consists of Public Works Authority Utility System Revenue Bonds, Series 2008. The bonds were issued in 2008 in the amount of \$650,000, with variable interest. These bonds are limited and special obligation payable solely out of utility revenues pledged for their payment. The Authority issued the bonds to provide funds for retiring certain indebtedness, capital improvements of the Authority, funding a debt reserve fund and paying the costs of issuing the bonds.

Bonds mature April 1, 2022 and April 1, 2028. Bonds maturing April 1, 2022 are subject to mandatory sinking fund redemption and payment prior to maturity on April 1, 2009, and on each April 1, thereafter through April 1, 2022, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date. Bonds maturing April 1, 2028, are subject to mandatory sinking fund redemption and payment prior to maturity on April 1, 2023 and on each April 1, thereafter through April 1, 2028, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date.

Town of South Coffeyville, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2022

III. Detailed Notes on Transaction Classes/Accounts (continued)

Maturities of long-term debt was as follows:

Year Ended June 30,	Principal	Interest	Total
2023	35,000.00	15,750.00	50,750.00
2024	40,000.00	13,912.50	53,912.50
2025	40,000.00	11,812.50	51,812.50
2026	40,000.00	9,712.50	49,712.50
2027	45,000.00	7,612.50	52,612.50
2028	100,000.00	5,250.00	105,250.00
Totals	<u>\$ 300,000.00</u>	<u>\$ 64,050.00</u>	<u>\$ 364,050.00</u>

South Coffeyville Area Development Authority

On January 11, 2022 the Area Development Authority entered into a financing agreement with a local bank for the purpose of financing acquisition and construction of a retail center in South Coffeyville. The note is payable of monthly installments, including principal and interest at 6.249% of \$1,270.16. The note is secured by real estate.

Maturities of long-term debt was as follows:

Year Ended June 30,	Principal	Interest	Total
2023	4,630.54	10,611.38	15,241.92
2024	4,928.33	10,313.59	15,241.92
2025	5,245.26	9,996.66	15,241.92
2026	5,582.60	9,659.32	15,241.92
2027	5,941.62	9,300.30	15,241.92
2028	145,579.35	76,580.84	222,160.19
Totals	<u>\$ 171,907.70</u>	<u>\$ 126,462.09</u>	<u>\$ 298,369.79</u>

E. Changes in Long-Term Debt

The following is a summary of the changes in long-term for the fiscal year ended June 30, 2022:

	Balance June 30, 2021	Proceeds	Payments	Balance June 30, 2022	Due Within One Year
650K Series 2008 Revenue Bond	<u>\$ 335,000.00</u>	<u>\$ -</u>	<u>\$ 35,000.00</u>	<u>\$ 300,000.00</u>	<u>\$ 35,000.00</u>
Area Development Authority	<u>\$ -</u>	<u>\$ 173,753.52</u>	<u>\$ 1,845.82</u>	<u>\$ 171,907.70</u>	<u>\$ 4,630.54</u>

Town of South Coffeyville, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2022

IV. Other Information

A. 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; or acts of God. The Town purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials' liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

B. Contingent Liabilities

The governing board of the Town is not aware of any pending or threatened legal actions against it. However, any such actions would probably be covered by insurance.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

C. Subsequent Events

Management has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.

OTHER SUPPLEMENTAL INFORMATION

Town of South Coffeyville, Oklahoma
Combining Balance Sheet – Special Revenue Funds – Modified Cash Basis
For the Year Ended June 30, 2022

	Special Revenue Funds				Total Special Revenue Funds
	Street and Alley Fund	Police Special Fund	Fireman's Special Fund	Other	
ASSETS					
Cash and Cash Equivalents	\$ 10,346.54	28,711.85	185,863.28	2,485.49	227,407.16
LIABILITIES AND FUND BALANCE					
Fund Balance:					
Total Fund Balance	<u>\$ 10,346.54</u>	<u>28,711.85</u>	<u>185,863.28</u>	<u>2,485.49</u>	<u>227,407.16</u>
Total Liabilities and Fund Balance	<u><u>\$ 10,346.54</u></u>	<u><u>28,711.85</u></u>	<u><u>185,863.28</u></u>	<u><u>2,485.49</u></u>	<u><u>227,407.16</u></u>

Town of South Coffeyville, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
– Special Revenue Funds – Modified Cash Basis
For the Year Ended June 30, 2022

	Street & Alley	Police Special	Fireman's Special	Other	Total Special Revenue Funds
Revenues:					
Taxes	7,248.74	-	-	-	7,248.74
Fines & Forfeitures	-	8,507.02	-	-	8,507.02
Interest	5.13	-	136.94	-	142.07
Donations	-	-	7,211.45	-	7,211.45
Grants	-	-	4,763.08	-	4,763.08
Charges for Services	-	-	18,878.50	-	18,878.50
Miscellaneous	-	28,600.00	9.00	-	28,609.00
Total Revenues	<u>7,253.87</u>	<u>37,107.02</u>	<u>30,998.97</u>	<u>-</u>	<u>75,359.86</u>
Expenditures					
Current:					
Personal Services	-	-	-	-	-
Maintenance and Operations	8,648.59	351.74	7,860.77	5,763.20	22,624.30
Capital Outlay	-	58,799.00	-	-	58,799.00
Miscellaneous Exp	-	-	-	-	-
Total Expenditures	<u>8,648.59</u>	<u>59,150.74</u>	<u>7,860.77</u>	<u>5,763.20</u>	<u>81,423.30</u>
Excess (deficiency) of revenues over expenditures	<u>(1,394.72)</u>	<u>(22,043.72)</u>	<u>23,138.20</u>	<u>(5,763.20)</u>	<u>(6,063.44)</u>
Other Financing Sources (uses)					
Transfers	-	-	-	-	-
Net Change in Fund Balance	(1,394.72)	(22,043.72)	23,138.20	(5,763.20)	(6,063.44)
Fund Balance - Beginning	11,741.26	50,755.57	162,725.08	8,248.69	233,470.60
Fund Balance - Ending	<u>10,346.54</u>	<u>28,711.85</u>	<u>185,863.28</u>	<u>2,485.49</u>	<u>227,407.16</u>

Town of South Coffeyville, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Finding 2022-01 – Material Bank Overdraft

CONDITION:

The utility bank account reflected a \$37,372 negative (overdrawn) balance per books at year-end. Per discussion with Town personnel the checks creating the overdraft were not mailed until mid-July.

CRITERA:

Checks should not be written unless there are adequate funds available and signed checks should not be held for an unreasonable amount of time. Signed checks should be mailed the next business day.

CAUSE of CONDITION:

Town personnel stated they wanted the expenditures to be recorded in the current fiscal year.

EFFECT OF CONDITION:

If the signed checks had been mailed it would have created a material overdraft resulting in bank fees and potential service charges by the payees.

MANAGEMENT RESPONSE:

The Town will not write checks unless there are adequate funds to cover the check amounts and signed checks will be distributed on a timely basis.