



# Town of Covington, Oklahoma

Annual Financial Report (unaudited)

For the Fiscal Year Ended June 30, 2024

**FY2024**

# **Town of Covington**

June 30, 2024

## **TABLE OF CONTENTS**

Independent Accountant's Report	2-5
Summary of Changes in Fund Balances – Cash Basis	6
Statement of Revenues, Expenses, and Change in Fund Balance – Cash Basis –	
Covington Utilities Authority Operating Fund	7
Schedule of Grant Activity – Cash Basis	8

## **Board of Trustees**

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

## **Management**

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

# Heidi M. Couch PLLC

Certified Public Accountant

36957 U. S. Highway 271  
Poteau, OK 74953

918-647-2320  
heidi@couchcpa.com

## **Independent Accountant's Report**

To the specified users of the report:

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

Management is responsible for the accompanying Summary of Changes in Fund Balances – Cash Basis of the Town of Covington as of and for the year ended June 30, 2024, and the related Statement of Revenues, Expenses and Change in fund Balance – Cash Basis – Covington Utilities Authority Operating Fund, and the Schedule of Grant Activity – Cash Basis for the year ended June 30, 2024, prepared in the format and using the basis of accounting, as prescribed by Oklahoma Statutes, that demonstrates compliance with the cash basis and budget laws of the State of Oklahoma applicable to municipalities and the presentation requirements prescribed in Oklahoma Statutes Title 11 §17-105 and Title 60 §180.1, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

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

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

Additionally, we have performed the procedures enumerated below which were agreed to by the specified users of the report, as identified above, and as defined within the applicable state laws of the State of Oklahoma, solely to assist the Town of Covington ("Town") and the Covington Utilities Authority ("Authority") in meeting its financial accountability requirements as prescribed by Oklahoma Statutes 11 §17-105 and Title 60 §180.1 and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2024. The management of the Town of Covington is responsible for the Town's financial accountability and its compliance with those legal and contractual requirements. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

## **Procedures and Findings**

As to the **Town of Covington (“Town”)** as of and for the fiscal year ended June 30, 2024:

1. **Procedures Performed:** We determined the establishment of receivables adjustment policy and tested adherence to policy and appropriate documentation.

**Findings:** The Town had no adjustment policy for its receivables; however, there were no adjustments to the amounts due to the town.

**Suggestion:** The Town should create an accounts receivable adjustment policy for the funds due to the town.

2. **Procedures Performed:** We examined 2 months of bank statements to agree the Town’s cash deposits were made into appropriate accounts and verify posting reports agree with daily deposits.

**Findings:** No instances of noncompliance noted.

3. **Procedures Performed:** We agreed the payrate for the town clerk and town treasurer was authorized and documented and compensation is appropriately documented.

**Findings:** No instances of noncompliance noted.

4. **Procedures Performed:** We determined the establishment of a policy for the use of municipal debit and credit cards.

**Findings:** No instances of noncompliance noted.

5. **Procedures Performed:** We sampled the Town’s transactions and tested them for proper documentation.

**Findings:** The Town had two transactions with missing purchase orders and/or signatures.

**Suggestion:** The Town should have a purchase order with written approval from the purchasing officer and an encumbering clerk prior to release of each payment. Invoices should also be signed by the individual who received satisfactory delivery of merchandise per Oklahoma Statutes §62-310.1 to 310.9.

6. **Procedures Performed:** From the Town’s trial balances, we compiled a schedule of changes in fund balances for each fund (see accompanying Exhibit 1) and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

**Findings:** No fund balance deficits were noted.

7. **Procedures Performed:** We agreed the Town’s material bank account balances to bank statements and traced significant reconciling items to subsequent clearance.

**Findings:** We noted no significant reconciling items that did not clear subsequently.

8. **Procedures Performed:** We compared the Town’s uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

**Findings:** The Town’s deposits were fully insured or collateralized as of June 30, 2024.

9. **Procedures Performed:** We inquired with town management if there were any known instances of fraud, illegal acts, or noncompliance with laws and regulations.

**Findings:** No instances of fraud, illegal acts, or noncompliance noted.

10. **Procedures Performed:** We compared use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

**Findings:** Materially restricted revenues consist of restricted sales tax, fire, street and alley funds, and the Town's grants. No instances of noncompliance were noted regarding restricted revenues.

As to the **Covington Utilities Authority ("Authority")**, as of and for the fiscal year ended June 30, 2024:

1. **Procedures Performed:** We determined the establishment of receivables adjustment policy and tested adherence to policy and appropriate documentation.

**Findings:** The Authority had no adjustment policy for its utilities receivable; however, adjustments were documented and approved and then the adjustments were posted to customer accounts matching the amounts approved.

**Suggestion:** The Authority should create an accounts receivable adjustment policy for the funds due to the utility authority.

2. **Procedures Performed:** We examined 2 months of bank statements to agree the Authority's cash deposits were made into appropriate accounts and that utility billing receipts agreed with daily deposits.

**Findings:** No instances of noncompliance noted.

3. **Procedures Performed:** We determined the establishment of a policy for the use of municipal debit and credit cards.

**Findings:** No instances of noncompliance noted.

4. **Procedures Performed:** We sampled the Authority's transactions and tested them for proper documentation.

**Findings:** The Authority had one transaction with missing purchase order and/or signatures.

**Suggestion:** The Authority should have a purchase order with written approval from the purchasing officer and an encumbering clerk prior to the release of each payment. Invoices should also be signed by the individual who received satisfactory delivery of merchandise per Oklahoma Statutes §62-310.1 to 310.9.

5. **Procedures Performed:** From the Authority's trial balances, we compiled a schedule of changes in fund balances for each fund (see accompanying Exhibit 1) and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

**Findings:** No fund balance deficits were noted.

6. **Procedures Performed:** We agreed the Authority's material bank account balances to bank statements and traced significant reconciling items to subsequent clearance.

**Findings:** We noted no significant reconciling items that did not clear subsequently.

7. **Procedures Performed:** We compared the Authority's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

**Findings:** The Authority's deposits were fully insured or collateralized as of June 30, 2024.

8. **Procedures Performed:** We compared use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

**Findings:** No instances of noncompliance were noted regarding restricted revenues.

As to the **Town of Covington and the Covington Utilities Authority**, as of and for the fiscal year ended June 30, 2024:

1. **Procedures Performed:** From the Town's and Authority's trial balances, we compiled a schedule of grant activity – cash basis for each grant/contract (see accompanying Exhibit 3) and compared the receipts and disbursements to grant agreements, and supporting information.

**Findings:** No instances of noncompliance were noted.

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

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

Heidi M. Couch, PLLC

Poteau, Oklahoma

April 4, 2025

EXHIBIT 1  
TOWN OF COVINGTON  
SUMMARY OF CHANGES IN FUND BALANCES  
CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2024

	Beginning of Year <u>Fund Balances</u>	<u>Revenues</u>	<u>Expenses</u>	End of Year <u>Fund Balances</u>
<b>TOWN:</b>				
General Fund	\$ 370,278	\$ 275,384	\$ (153,890)	\$ 491,772
Restricted Sales Tax Fund	378,634	68,546	(76,871)	370,309
Fire Fund	12,888	291	(3,125)	10,054
Street and Alley Fund	24,101	3,849	(24,013)	3,936
Covington Grant Fund	223	10,007	(9,465)	765
<b>Town Subtotal</b>	786,124	358,077	(267,364)	876,837
 <b>UTILITY AUTHORITY:</b>				
Covington Utility Authority	242,764	445,191	(455,071)	232,883
<b>Overall Totals</b>	\$ 1,028,888	\$ 803,267	\$ (722,435)	\$ 1,109,720

See accompanying accountant's report

**EXHIBIT 2**  
**TOWN OF COVINGTON**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE -CASH BASIS**  
**COVINGTON UTILITY AUTHORITY**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**Operating Revenues:**

Charges of services:

Gas	\$ 165,692
Water	159,143
Sewer	50,538
Refuse	62,841
Penalties	4,285
Miscellaneous	-

Total operating revenues	442,499
--------------------------	---------

**Operating Expenses:**

Personal services	150,044
Materials and supplies	186,678
Other services and charges	106,320
Capital outlay	12,028

Total operating expenses	455,071
--------------------------	---------

<b>Operating income (loss)</b>	<b>(12,572)</b>
--------------------------------	-----------------

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

Investment income	2,691
Miscellaneous	-
Loan proceeds	-
Total non-operating revenues	2,691

Net income (loss) before transfers	2,691
------------------------------------	-------

Transfers in from other funds	-
Transfers out to other funds	-

<b>Change in fund balance</b>	<b>(9,881)</b>
-------------------------------	----------------

<b>Total fund balance - beginning</b>	<b>242,764</b>
---------------------------------------	----------------

<b>Total fund balance - ending</b>	<b>\$ 232,883</b>
------------------------------------	-------------------

See accompanying accountant's report



Exhibit 3

**TOWN OF COVINGTON, OKLAHOMA  
SCHEDULE OF GRANT ACTIVITY - CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2024**

	ARPA	2024 REAP GA24-2	FIRE OPERATIONAL
Awarding agency	US Department of the Treasury	Northern Oklahoma Development Authority	Oklahoma Department of Agriculture
ALN (CFDA #)	21.027	N/A	N/A
Award Amount	\$ 93,266	\$ 165,651	\$ 9,994
Program Budget	93,266	165,651	9,994
<b>Current Year Activity</b>			
Current Year Receipts:			
Received from agency	-	-	9,994
Received from local match	-	-	-
Total current year receipts	-	-	9,994
Current Year Disbursements	5,506	-	11,013
Beginning of Year Unexpended Grant Funds	93,708	-	1,019
End of Year Unexpended Grant Funds	<u>\$ 88,202</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Program To-Date Activity</b>			
Program To-Date Receipts:			
Received from agency	93,708	-	20,047
Received from local funds	-	-	-
Total program To-Date Receipts	93,708	-	20,047
Program To-Date Disbursements	5,506	-	20,047
Program To-Date Unexpended Grant Funds	<u>\$ 88,202</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying accountant's report