

TOWN OF WESTPORT, OKLAHOMA  
ANNUAL FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022

Ralph Osborn  
Certified Public Accountant  
500 South Chestnut  
P.O. Box 1015  
Bristow, Oklahoma 74010-1015

## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the Board of Trustees  
Town of Westport, Oklahoma

### Report on the Audit of the Financial Statements

#### Disclaimer of Opinion

I was engaged to audit the accompanying cash basis financial statements of the governmental activities, the business-type activities, each major fund(except as described below), and the aggregate remaining fund information of the Town of Westport, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Town of Westport's basic financial statements.

I do not express an opinion on the accompanying financial statements of the Town of Westport and Westport Public Utility Authority. Because of the significance of the matter described in the "Basis for Disclaimer of Opinion" paragraph, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

#### Basis for Disclaimer Opinion

The Town of Westport, Oklahoma and the Westport Public Utility Authority do not have sufficient documentation for financial transactions.

#### Emphasis of Matter

I draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinion is not modified with respect to that matter.

#### Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note A; this includes determining that the cash basis of accounting is an acceptable basis for the presentation of the financial statements in the circumstances, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Westport's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

My responsibility is to conduct an audit of the Town of Westport and Westport Public Utility Authority's financial statements 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 and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

My 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 my 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 GAAS 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- 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 of Westport'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Westport's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 24, 2023, on my consideration of Town of Westport's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 Town of Westport, Oklahoma's internal control over financial reporting and compliance.



Ralph Osborn  
Certified Public Accountant  
Bristow, Oklahoma  
October 24, 2023

TOWN OF WESTPORT, OKLAHOMA  
STATEMENT OF NET ASSETS  
CASH BASIS  
JUNE 30, 2022

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 100,207	\$ 45,659	\$ 145,866
Accounts receivable	-	(888)	(888)
Capital assets:			
Land	1,000	-	1,000
Other capital assets, net of depreciation	-	-	-
<b>Total assets</b>	<u>101,207</u>	<u>44,771</u>	<u>145,978</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	-	(2,317)	(2,317)
Payroll liabilities	-	18,147	18,147
Storm Damage Insurance	<u>6,791</u>	<u>-</u>	<u>6,791</u>
<b>Total current liabilities</b>	<u>6,791</u>	<u>15,830</u>	<u>22,621</u>
<b>Total liabilities</b>	<u>6,791</u>	<u>15,830</u>	<u>22,621</u>
<b>NET ASSETS:</b>			
Invested in capital assets, net related debt	1,000	-	1,000
Unrestricted	<u>93,416</u>	<u>28,941</u>	<u>122,357</u>
<b>Total net assets</b>	<u>\$ 94,416</u>	<u>\$ 28,941</u>	<u>\$ 123,357</u>

See accompanying notes to the basic financial statements.

**TOWN OF WESTPORT, OKLAHOMA  
STATEMENT OF ACTIVITIES  
CASH BASIS**

Function/Programs	Expenses	Program Revenue			Net (Expenses) Revenue
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General government	\$ 45,145	\$ 13,133	\$ -	\$ 25,849	\$ (6,163)
Total governmental activities	45,145	13,133	-	25,849	(6,163)
Business-type activities					
Utilities	135,634	123,482	-	-	(12,152)
Total business-type activities	135,634	123,482	-	-	(12,152)
Total primary government	\$ 180,779	\$ 136,615	\$ -	\$ 25,849	\$ (18,315)

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
Changes in net assets:			
Net (expense) revenue	\$ (6,163)	\$ (12,152)	\$ (18,315)
General revenues			
Taxes			
Sales Tax	9,558	-	9,558
Use Tax	14,494	-	14,494
Franchise	7,644	-	7,644
Alcoholic Beverage Tax	8,176	-	8,176
Gas Tax	2,956	-	2,956
Cigarette Tax	73	-	73
Other	3,151	-	3,151
Rental	2,770	-	2,770
Interest	38	27	65
Transfers	-	-	-
Total general revenue and transfers	48,860	27	48,887
Change in net assets	42,697	(12,125)	30,572
Net assets - beginning	51,719	41,066	92,785
Net assets - ending	\$ 94,416	\$ 28,941	\$ 123,357

See accompanying notes to the basic financial statements.

TOWN OF WESTPORT, OKLAHOMA  
BALANCE SHEET - CASH BASIS  
GOVERNMENTAL FUNDS  
June 30, 2022

	<u>General</u>	<u>Total Governmental Funds</u>
ASSETS:		
Cash and cash equivalents	\$ 100,207	\$ 100,207
Receivables:		
Due from other governments	<u>-</u>	<u>-</u>
Total assets	<u>\$ 100,207</u>	<u>\$ 100,207</u>
LIABILITIES:		
Current liabilities:		
Storm Damage Insurance	<u>6,791</u>	<u>6,791</u>
Total liabilities	<u>6,791</u>	<u>6,791</u>
Fund Balances:		
Unrestricted	<u>93,416</u>	<u>93,416</u>
Total fund balances	<u>93,416</u>	<u>93,416</u>
Total liabilities and fund balances	<u>\$ 100,207</u>	

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

Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in the fund, net  
of accumulated depreciation of \$0.

	<u>1,000</u>
Net assets of governmental activities	<u>\$ 94,416</u>

See accompanying notes to the basic financial statements.

TOWN OF WESTPORT, OKLAHOMA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES-CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	Total Governmental Funds
Revenues:		
Fire Assessments	\$ 8,370	\$ 8,370
Fire Operation	4,763	4,763
Franchise Tax	7,644	7,644
Grants	25,849	25,849
Interest	38	38
Other	3,151	3,151
Rent	2,770	2,770
Alcoholic Beverage Tax	8,176	8,176
Sales Tax	9,558	9,558
Use Tax	14,494	14,494
Vehicle Tax	2,956	2,956
Cigar Tax	73	73
Total revenues	<u>87,842</u>	<u>87,842</u>
Expenditures:		
Accounting	2,475	2,475
Airport	7,500	7,500
Civil Defense	3,167	3,167
Dues and Publications	1,236	1,236
Fire Department Building Expense	540	540
Insurance	6,800	6,800
Maintenance	6,707	6,707
Miscellaneous	138	138
Office Supplies	586	586
Road Repairs	8,300	8,300
Town Clerk	1,800	1,800
Electric	1,315	1,315
Gas	2,181	2,181
Telephone	1,505	1,505
Worker's Compensation	1,895	1,895
Total expenditures	<u>46,145</u>	<u>46,145</u>
Excess of revenues over expenditures	41,697	41,697
Other Financing Sources (Uses):		
Transfers in	-	-
Transfers out	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>
Net change in fund balances	41,697	41,697
Fund balances-beginning	<u>51,719</u>	<u>51,719</u>
Fund balances-ending	<u>\$ 93,416</u>	<u>\$ 93,416</u>

See accompanying notes to the basic financial statements.





TOWN OF WESTPORT, OKLAHOMA  
STATEMENT OF NET ASSETS - CASH BASIS  
PROPRIETARY FUNDS  
June 30, 2022

	<u>Westport Public Works Authority</u>
ASSETS:	
Current Assets:	
Cash and cash equivalents	\$ 45,659
Accounts receivable	<u>(888)</u>
Total current assets	<u>44,771</u>
Noncurrent Assets:	
Land	-
Capital assets, net of depreciation	<u>-</u>
Total noncurrent assets	<u>-</u>
Total assets	<u>44,771</u>
LIABILITIES:	
Current Liabilities:	
Accounts payable	(2,317)
Payroll liabilities	<u>18,147</u>
Total current liabilities	<u>15,830</u>
Total liabilities	<u>15,830</u>
Invested in capital assets, net related debt	-
Unrestricted	<u>28,941</u>
Total net assets	<u>\$ 28,941</u>

See accompanying notes to the basic financial statements.

TOWN OF WESTPORT, OKLAHOMA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET ASSETS  
CASH BASIS - PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Westport Public Works Authority
Operating Revenues:	
Community club rental	\$ 200
Fire assessment	11,165
Meter tap	709
Reimbursed expenses	18,847
Services	225
Trash services	16,769
Water income	75,567
Total operating revenues	<u>123,482</u>
Operating Expenses:	
Returned bank charges	68
Bank service charges	95
Dues and subscriptions	1,915
Fire payment to town	10,044
Insurance	807
Maintenance	36,533
Miscellaneous	725
Office supplies	423
Payroll taxes	15,067
Payroll	2,039
Postage and delivery	759
Professional fees: Accounting	4,950
Reconciliation discrepancies	3,929
Rent	1,800
Repairs	5,300
Supplies	17,037
Testing supplies and tests	2,584
Tractor expense	11,558
Electricity	6,080
Trash	13,068
Water	753
Total operating expense	<u>135,634</u>
Net Operating Income (Loss)	<u>(12,152)</u>
Non-Operating Revenues (Expenses):	
Investment income	27
Interest expense	-
Total non-operating revenues (expenses)	<u>27</u>
Change in net assets	(12,125)
Total net assets - beginning	<u>41,066</u>
Total net assets - ending	<u><u>\$ 28,941</u></u>

See accompanying notes to the basic financial statements.

TOWN OF WESTPORT, OKLAHOMA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Westport Public Utility Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 123,967
Payments to suppliers	(9,740)
Payments to employees	(118,528)
Net Cash Provided by Operating Activities	<u>(4,301)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of property, plant & equipment	-
Principal paid on lease purchase	-
Interest paid on lease purchase	-
Principal paid on capital debt	-
Interest paid on capital debt	-
Net Cash Used by Capital and Related Financing Activities	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>27</u>
Net Cash Provided by Investing Activities	<u>27</u>
Net Decrease in Cash and Cash Equivalents	(4,274)
Cash and Cash Equivalents - beginning of the year	<u>50,904</u>
Cash and Cash Equivalents - end of the year	<u>\$ 46,630</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating income (loss)	\$ (12,152)
(Increase)/Decrease in Current Assets	
Accounts receivables	485
Increase/(Decrease) in Current Liabilities	
Accounts payable	-
Accrued payroll liabilities	
Accrued interest payable	<u>7,366</u>
Net Cash Provided by Operating Activities	<u>\$ (4,301)</u>

See accompanying notes to the basic financial statements.

TOWN OF WESTPORT  
Westport, Oklahoma  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Westport, Oklahoma, was incorporated under the provisions of the laws of the State of Oklahoma. The Town operates under a Board of Trustees form of government and provides the following services: general government, and public works. The basic financial statements include the departments, agencies, and other organizational units over which the Board of Trustees exercise oversight responsibility. In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14 and No. 39. Based on the criteria Westport Public Utility Authority is the only component unit. The definition of the financial reporting entity is primarily based on the concept of financial accountability. The financial reporting entity consists of the primary government (the Town), and activities for which the primary government is financially accountable, and the activities of Westport Public Utility Authority. Financial accountability exists if a primary government appoints a voting majority of an organizations governing body, and is either able to impose its will on the organization or there is a potential for the organization to provide a specific financial benefit to, or impose specific financial burdens on, the primary government. Based upon the application of these criteria, there are no other entities to include in the Town's financial statements.

Westport Public Utility Authority was created June 27, 1974 under the provisions of Title 60, Sections 176 to 180, Oklahoma Statutes 1971. The Authority is managed by a Board of Trustees made up of members of the Town Board of Trustees. The Authority operates water, sanitation, and sewer services for the Town of Westport.

Government-Wide and Fund Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements report financial information for the Town as a whole excluding fiduciary activities such as employee pension plans. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Town general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A functional program is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these programs uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements of the Town are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

TOWN OF WESTPORT  
Westport, Oklahoma  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2022

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within limitations of the cash basis of accounting, as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus, as applied to the cash basis of accounting, is used as appropriate.

A. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

**Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental and business-like activities are presented using a cash basis of accounting. This basis recognizes assets, liabilities, Net Position/fund equity, revenues, 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.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) are *not recorded* in these financial statements.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed.

FUND TYPES AND MAJOR FUNDS

The Town reports the following major governmental funds:

General Fund - The General Fund reports as the primary fund of the Town. This fund is used to account for all financial resources not reported in other funds.

Proprietary Funds - The Town reports the following major enterprise funds:

Westport Public Utility Authority - The Authority provides certain utility services for the Town.

TOWN OF WESTPORT  
Westport, Oklahoma  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2022

Budgetary Accounting and Control

The Mayor submits an annual budget to the Board of Trustees in accordance with the Oklahoma Municipal Budget Act. The budget is presented to the Board of Trustees for review, and public hearings are held to address priorities and allocation of resources. In June, the Board of Trustees adopts the annual fiscal year budgets for the Town operating funds. Once approved, the Board of Trustees may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. Public trusts submit budget and other planning documents to their respective governing bodies.

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by sources. Expenditures are budgeted by department and class as follows: Personal services, other services and charges, supplies, capital outlay, transfers, and debt service. Budget revisions at this level are subject to final review by the Board of Trustees. The legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. Within these control levels, management may transfer appropriations without Board approval. Revisions to the budget were made during the year.

The budgets for the operating funds and proprietary fund operations are prepared on the cash and expenditures/encumbrances basis. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be issued. The Debt Service Fund budget is prepared to provide funding for general obligation debt service when liabilities are due for payment. The budget and actual financial statements are reported on these bases. Unencumbered appropriations for annually budgeted funds lapse at fiscal year-end.

Investments

The Town follows Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," which requires marketable securities to be carried at fair value. The Town considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The investments reported in the financial statements consist of Certificates of Deposits.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations, is employed in the governmental funds. Encumbrances outstanding at year end are cancelled under the cash basis. The encumbrance is added to the subsequent year expenses when paid.

Inventories and Prepaids

Inventories and prepaids are not reported under the cash basis of accounting.

Capital Assets, Depreciation, and Amortization

The Town's has not maintained a schedule of capital assets and have no adopted a depreciation policy.

TOWN OF WESTPORT  
Westport, Oklahoma  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2022

NOTE B - CASH AND INVESTMENTS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of failure of counterparty, the Town will not be able to recover the value of its deposits or investments. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the Town, and are held by counterparty or the counterparty's trust department but not in the name of the Town. The Town's policy requires that all deposits and investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits or investments. As of June 30, 2022, the Town had on deposit \$145,866 that was covered under FDIC insurance or other collateral.

Deposits

The Town had deposits at financial institutions with a carrying amount of approximately \$145,866 at June 30, 2022. The bank balance of the deposits at June 30, 2022 was approximately \$145,866.

Credit Risk

Fixed-income securities are subject to credit risk. However, the Town did not have fixed income securities at June 30, 2022.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Board of Directors monitor's the investment performance on an ongoing basis to limit the Town's interest rate risk. As of June 30, 2022, the Town's deposits consisted of demand deposits and certificates of deposit with a maturity of 12 months or less.

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 Members of the Board of Trustees  
Town of Westport  
Westport, Oklahoma

I 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 Town of Westport, Oklahoma, cash basis, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Town of Westport's basic financial statements and have issued my report thereon dated October 24, 2023.

Internal Control Over Financial Reporting

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

My consideration of internal control over financial reporting 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. Accordingly, we do not express an opinion on the effectiveness of Town of Westport, Oklahoma's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-1 and 2022-3 to be significant deficiencies.



### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Westport, Oklahoma's financial statements are free of material misstatement, I 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, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2022-2 and 2022-3.

### Purpose of the 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 *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,



Ralph Osborn  
Certified Public Accountant  
Bristow, Oklahoma  
October 24, 2023

TOWN OF WESTPORT, OKLAHOMA  
WESTPORT, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

2022-1 Lack of Segregation of duties

Condition: Presently the same individual that is responsible for billing and adjustments; posts payment to subsidiary accounts receivable ledgers and reconciles the monthly bank statements. In addition, only limited oversight is provided over this individual in the conduct of their daily functions.

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

Cause/Effect: The entity's limited size and staffing resources have made it difficult for management to provide sufficient staffing to fully segregate incompatible duties in a cost-effective manner. Without sufficient segregation of duties, the risk significantly increases that errors and fraud related to the membership and other bluing and collection activities, including misappropriation of assets, could occur and not be detected within a timely basis.

Recommendation: Management and the board should consider a formal evaluation of their risks associated with this lack of duties segregation over assets. In response to the Identified risks, consideration should be given to identifying and implementing compensating duties to act as controls that could help mitigate the risks associated with lack of segregation of duties, such as management performing review procedures for the reconciliation of accounts.

2022-2 Purchase Orders

Condition: The Town did not use a sufficient purchase order system of controls.

Criteria: State Statutes require that, unless otherwise provided by ordinance, purchase orders are to be obtained and submitted to the encumbering officer prior to the time the commitment (to expend funds) is made. (62 O.S. §310)

Cause/Effect: Purchase orders are part of internal control used to document certification that appropriations are available for the expenditure prior to purchase and approval of the expenditure by all required parties.

Recommendation: The Town should develop and utilize a sufficient purchase order system.

2022-3 Failure to maintain support documentation

Condition: The Town failed to maintain support documentation for financial transactions.

Criteria: The District is required to retain all documents supporting financial transactions. These documents include notice for revenue received and invoices for expenditures.

Cause/Effect: The District was unable to provide documentation supporting financial transactions.

Recommendation: The District should maintain support documents for all financial transactions.