

**Town of Kiowa,**  
**Oklahoma**  
Financial Statements  
Year-End June 30, 2023

Town of Kiowa, Oklahoma  
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## **Independent Auditor's Report**

To the Board of Trustees  
Town of Kiowa, Oklahoma

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying modified cash-basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Kiowa, as of and for the year ended June 30, 2023, 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 respective modified cash-basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Kiowa, as of June 30, 2023, and the respective changes in modified cash-basis financial position, and, where applicable, cash flows thereof for the year then ended in conformity with the basis of accounting described in Note I(B).

#### ***Basis for Opinions***

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

#### ***Basis of Accounting***

We draw attention to Note 1 of the financial statements that 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 the respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

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 the Town of Kiowa'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***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made 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 the Town of Kiowa's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Kiowa's ability to continue as a going concern for a reasonable period of time.

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

## Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Kiowa's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial 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 and individual nonmajor fund financial statements 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 May 30, 2024, on our consideration of the Town of Kiowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Kiowa's internal control over financial reporting and compliance.

*Russell + Williams CPAs, P.C.*

Oklahoma City, Oklahoma  
May 30, 2024

**Town of Kiowa, Oklahoma**  
**Statement of Net Position - Modified Cash Basis**  
**June 30, 2023**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,143,837.16	\$ 303,783.16	\$ 2,447,620.32
Restricted Cash and Cash Equivalents	-	484,222.51	484,222.51
Capital Assets			
Capital Assets, Net of Depreciation	<u>665,383.86</u>	<u>5,854,654.14</u>	<u>6,520,038.00</u>
 Total Assets	 <u><u>\$ 2,809,221.02</u></u>	 <u><u>\$ 6,642,659.81</u></u>	 <u><u>\$ 9,451,880.83</u></u>
<b>LIABILITIES</b>			
Meter deposits	-	31,695.00	31,695.00
Long-Term Liabilities			
Due Within One Year	-	52,902.00	52,902.00
Due in More Than One Year	<u>-</u>	<u>2,226,553.42</u>	<u>2,226,553.42</u>
 Total Liabilities	 <u>-</u>	 <u>2,311,150.42</u>	 <u>2,311,150.42</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 665,383.86	\$ 3,575,198.72	\$ 4,240,582.58
Restricted for:			
Debt Service and Capital Projects	-	8,561.06	8,561.06
Meter Deposits	-	16,277.96	16,277.96
Unrestricted	<u>2,143,837.16</u>	<u>731,471.65</u>	<u>2,875,308.81</u>
Total Net Position	<u><u>2,809,221.02</u></u>	<u><u>4,331,509.39</u></u>	<u><u>7,140,730.41</u></u>
 Total Liabilities and Net Position	 <u><u>\$ 2,809,221.02</u></u>	 <u><u>\$ 6,642,659.81</u></u>	 <u><u>\$ 9,451,880.83</u></u>

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

Functions/Programs	Net (Expense) Revenue and Changes in Net Position					
	Expenses	Program Revenues		Primary Government		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary government						
Governmental activities:						
General Government	510,121.01	-	133,680.82	(376,440.19)	-	(376,440.19)
Streets & Highways	51,655.78	-	-	(51,655.78)	-	(51,655.78)
Public Safety	723,102.29	923,367.42	-	200,265.13	-	200,265.13
Cemetery	17,717.75	-	-	(17,717.75)	-	(17,717.75)
Community Building	3,115.08	-	-	(3,115.08)	-	(3,115.08)
Nutrition	101,412.65	-	32,326.55	(69,086.10)	-	(69,086.10)
Total governmental activities	1,407,124.56	923,367.42	166,007.37	(317,749.77)	-	(317,749.77)
Business-type activities						
Public Works Authority	637,671.82	629,751.52	-	-	(7,920.30)	(7,920.30)
Total business-type activities	637,671.82	629,751.52	-	-	(7,920.30)	(7,920.30)
Total primary government	<u>\$ 2,044,796.38</u>	<u>\$ 1,553,118.94</u>	<u>\$ 166,007.37</u>	<u>\$ (317,749.77)</u>	<u>\$ (7,920.30)</u>	<u>\$ (325,670.07)</u>
		General revenues:				
		Taxes:				
				282,803.75	-	282,803.75
				37,284.61	-	37,284.61
				9,797.09	-	9,797.09
				54,783.34	5,652.81	60,436.15
				10,570.52	3,599.59	14,170.11
				(11,024.86)	11,024.86	-
			Total general revenues	384,214.45	20,277.26	404,491.71
			Change in net position	66,464.68	12,356.96	78,821.64
			Net position - beginning	2,742,756.34	4,319,152.43	7,061,908.77
			Net position - ending	<u>\$ 2,809,221.02</u>	<u>\$ 4,331,509.39</u>	<u>\$ 7,140,730.41</u>

The accompanying notes are an integral part of these financial statements

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

	General Fund	Street & Alley Fund	Other Governmental Fund	Total Governmental Funds
<hr/>				
ASSETS				
Cash	1,654,193.81	405,983.27	83,660.08	2,143,837.16
Total Assets	<u>\$ 1,654,193.81</u>	<u>\$ 405,983.27</u>	<u>\$ 83,660.08</u>	<u>\$ 2,143,837.16</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Bonds Pending Court	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	-	-	83,660.08	83,660.08
Assigned	-	405,983.27	-	405,983.27
Unassigned	<u>1,654,193.81</u>	<u>-</u>	<u>-</u>	<u>1,654,193.81</u>
Total Fund Balances	<u>1,654,193.81</u>	<u>405,983.27</u>	<u>83,660.08</u>	<u>2,143,837.16</u>
Total Liabilities and Fund Balances	<u>\$ 1,654,193.81</u>	<u>\$ 405,983.27</u>	<u>\$ 83,660.08</u>	<u>\$ 2,143,837.16</u>

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

*Total Governmental Fund Balances* \$ 2,143,837.16

*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 in the funds.* 665,383.86

*Long-term liabilities are not due and payable in the  
current period and therefore are not reported in funds:*

*Capital lease obligations* -

*Net Position of Governmental Activities* \$ 2,809,221.02



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

	General Fund	Street & Alley Fund	Other Governmental Fund	Total Governmental Funds
Revenues:				
Taxes	222,021.53	98,066.83	-	320,088.36
Fines & Forfeitures	923,367.42	-	-	923,367.42
Donations & Fundraising	400.27	-	9,396.82	9,797.09
Grants	133,680.82	-	32,326.55	166,007.37
Interest	10,374.51	-	196.01	10,570.52
Other	53,368.11	283.76	1,131.47	54,783.34
Total revenues	1,343,212.66	98,350.59	43,050.85	1,484,614.10
Expenditures:				
General government	467,765.08	-	-	467,765.08
Streets & Highways	-	36,152.42	-	36,152.42
Public Safety	670,061.86	-	-	670,061.86
Cemetery	-	-	17,717.75	17,717.75
Community Building	-	-	3,115.08	3,115.08
Nutrition Program	-	-	101,412.65	101,412.65
Capital Outlay	199,702.52	-	13,965.00	213,667.52
Total expenditures	1,337,529.46	36,152.42	136,210.48	1,509,892.36
Excess revenues over (under) expenditures	5,683.20	62,198.17	(93,159.63)	(25,278.26)
Other Financing Sources and Uses				
Transfers In (Out)	(128,224.48)	35,944.63	81,254.99	(11,024.86)
Total Other Financing Sources and Uses	(128,224.48)	35,944.63	81,254.99	(11,024.86)
Excess revenues over (under) expenditures after Transfers	(122,541.28)	98,142.80	(11,904.64)	(36,303.12)
Fund balances at beginning of year	1,776,735.09	307,840.47	95,564.72	2,180,140.28
Fund balances at end of year	\$ 1,654,193.81	\$ 405,983.27	\$ 83,660.08	\$ 2,143,837.16

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

Net change in fund balances-total government funds	\$ (36,303.12)
Purchase of fixed assets recorded as an expense in the fund financial statements but recorded as an addition to fixed assets in the government wide statements	213,667.52
Capital financing proceeds recorded as capital debt proceeds in the government funds statements but the proceeds create long-term liabilities in the Statement of Net Assets	-
Capital financing payments recorded as an expense in the fund financial statements	
Depreciation expense recorded in the government wide financial statements but not recorded in the individual fund financial statements	(110,899.72)
Change in net position of governmental activities	\$ 66,464.68

**Town of Kiowa, Oklahoma**  
**Statement of Net Position - Modified Cash Basis**  
**Proprietary Funds**  
**June 30, 2023**

	Kiowa Public Works Authority
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 303,783.16
Restricted Cash and Cash Equivalents	484,222.51
Total Current Assets	<u>788,005.67</u>
Noncurrent Assets:	
Net Capital Assets	<u>5,854,654.14</u>
Total Noncurrent Assets	<u>5,854,654.14</u>
 Total Assets	 <u><u>\$ 6,642,659.81</u></u>
<b>LIABILITIES</b>	
Current Liabilities:	
Meter Deposits	\$ 31,695.00
Current Portion Long Term Debt	52,902.00
Total Current Liabilities	<u>84,597.00</u>
Noncurrent Liabilities:	
Notes Payable	<u>2,226,553.42</u>
Total Noncurrent Liabilities	<u>2,226,553.42</u>
 Total Liabilities	 <u><u>\$ 2,311,150.42</u></u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	3,575,198.72
Restricted	484,222.51
Unrestricted	272,088.16
Total Net Position	<u><u>\$ 4,331,509.39</u></u>
 Total Liabilities and Net Position	 <u><u>\$ 6,642,659.81</u></u>

The accompanying notes are an integral part of these financial statements

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

Operating Revenues:

Water	\$ 364,122.65
Sewer	126,799.43
Garbage	121,473.36
Miscellaneous Charges	<u>23,008.89</u>
Total Operating Revenues	635,404.33

Operating Expenses:

Personnel Services	63,882.93
Maintenance & Operations	138,398.95
Utilities	22,849.23
Repairs	32,431.03
Professional Fees	10,608.03
Lab & Testing	5,240.00
Training & Travel	4,488.32
Sanitation Services	93,263.47
Depreciation	<u>203,557.59</u>
Total Operating Expenses	<u>574,719.55</u>

Operating Income (Loss)	60,684.78
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Non-Operating Revenues (Expenses):

Interest Expense	(62,952.27)
Interest Income	<u>3,599.59</u>
Net Non-Operating Revenues (Expenses)	<u>(59,352.68)</u>

Change in Net Position Before Transfe	1,332.10
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Transfers In/Out	<u>11,024.86</u>
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Change in Net Position After Transfers	12,356.96
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Net Position, Beginning of Year	<u>4,319,152.43</u>
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Net Position, End of Year	<u><u>\$ 4,331,509.39</u></u>
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**Town of Kiowa**  
**Statement of Cash Flows - Modified Cash Basis - Proprietary Fund**  
**For the Year Ending June 30, 2023**

Cash flows from operating activities	
Cash received from customers	\$ 635,404.33
Cash paid to employees	(63,882.93)
Cash paid to suppliers	(309,474.72)
Net cash provided by operating activities	<u>262,046.68</u>
Cash flows from investing activities	
Interest income	<u>3,599.59</u>
Net cash provided by investing activities	<u>3,599.59</u>
Cash flows from capital and related financing activities	
Interfund Transfers	11,024.86
Increase (decrease) in meter deposit liability	1,025.00
Interest Expense	(62,952.27)
Principal paid on capital debt	(51,311.73)
Net cash provided (used) for capital and related financing activities	<u>(102,214.14)</u>
Net increase (decrease) in cash and cash equivalents	163,432.13
Cash and cash equivalents at beginning of year	<u>624,573.54</u>
Cash and cash equivalents at end of year	<u><u>\$ 788,005.67</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	60,684.78
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation expense	203,557.59
Increase (decrease) in due to other funds	(2,195.69)
Net cash provided (used) by operating activities	<u><u>\$ 262,046.68</u></u>
Reconciliation of Cash and Cash Equivalents	
Cash - Unrestricted	\$ 303,783.16
Cash - Restricted	<u>484,222.51</u>
Total	<u><u>\$ 788,005.67</u></u>

The accompanying notes are an integral part of these financial statements

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. The Reporting Entity

The Town of Kiowa, Oklahoma, (the Town) was incorporated under the provision of the laws of the State of Oklahoma. The Town operates under a Board of Trustees form of government and is governed by a five-member board. The Trustees elect the mayor from their own body.

The accompanying financial statements present the Town of Kiowa and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government. There were no discretely presented component units.

#### Blended Component Unit

The Kiowa Public Works Authority was created July 8, 1977, for the use and benefit of the beneficiary, Town of Kiowa, to furnish, construct, administer and finance any public works facilities or improvements for public purposes under the laws of the State of Oklahoma. The Town Board of the Town of Kiowa acts as the Board of Trustees of the Kiowa Public Works Authority. The rates for user charges and bond issuance authorizations are approved by the government Board and the legal liability for the general obligation portion of the Authority's debt remains with the government. The Authority is reported as an enterprise fund.

### B. Government-wide and fund financial statements

#### *Government-Wide Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Town of Kiowa, Oklahoma  
Notes to Financial Statements  
June 30, 2023

The government-wide financial statements of the Town are prepared on a modified cash basis of accounting. Under this basis, cash receipts are recognized as revenue at the date of receipt and cash payments are recognized as expenditures at date of payment with the following modifications:

- Capital assets are recorded as assets when purchased and related depreciation is recorded.
- Long-term debt is recorded when incurred.
- Employee withholding taxes that have not been deposited with the IRS but relate to compensation paid are recorded as liabilities.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

#### *Fund Financial Statements*

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in each fund-type financial statements.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The modified cash basis of accounting is used. However, the governmental funds focus on a current financial resources measurement thus capital assets and debt is not recorded.

The Town reports the following major government funds:

General Fund - is the Government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Street & Alley Fund - is a special revenue fund which accounts for dedicated gasoline and motor vehicle taxes that are legally restricted for street and alley improvements.

Nonmajor Governmental Funds are the Cemetery, Community Building and Nutrition.

The Town reports the Kiowa Public Works Authority (KPWA) as a major proprietary fund. KPWA accounts for the activities related to the provision of water and sewer services to businesses and residents. It operates the water and sewer treatment plants, water distribution system, sewer collections systems and pump stations.

Proprietary funds are accounted for using the modified cash basis of accounting modified as follows:

- Capital assets are recorded as assets when purchased and related depreciation is recorded.
- Long-term debt is recorded when incurred.
- Employee withholding taxes that have not been deposited with the IRS but relate to compensation paid are recorded as liabilities.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

### **C. Assets, liabilities, and net position or equity**

#### **1. *Deposits and investments***

For purposes of the statement of cash flows, the Town considers short-term investments with original maturities of three months or less from the date of acquisition to be cash equivalents.

Oklahoma Statutes authorize the Town to invest in direct obligations of the United States Government, its agencies or instrumentalities; collateralized or insured certificates of deposits of financial institutions located in the state of Oklahoma or fully-insured certificates of deposits of financial institutions located outside the state; savings accounts, and county, municipal or school district general obligation debt.

The Town does not have a specific policy limiting the concentration amount that may be invested with one issuer. The Town has no formal policy on managing credit risk.

Public trusts created under Oklahoma Statutes Title 60 are not subject to the above investment limitations and are primarily governed by any restrictions in their trust or note indenture.

#### **2. *Interfund transactions***

Interfund receivables and payables arise from interfund transactions and are recorded in the period transacted. Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to move unrestricted revenue collected to finance various programs accounted for in other funds in accordance with budgetary authorizations.

### 3. *Restricted assets*

Certain proceeds of the Authority's notes payable, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because they are maintained in separate bank accounts and their use is limited by applicable loan covenants. Customer utility deposits and reserves held with the Oklahoma Municipal Assurance Group are reported as restricted cash.

### 4. *Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$2,500 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Infrastructure	25
System infrastructure	30
Vehicles	5
Machinery and equipment	10

### 5. *Fund Equity*

Beginning July 1, 2010, the Town implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent.

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the entity is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained



Town of Kiowa, Oklahoma  
Notes to Financial Statements  
June 30, 2023

intact. Town of Kiowa, Oklahoma did not have any nonspendable resources as of June 30, 2023.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Town of Kiowa, Oklahoma has restricted resources by state law and from grants as of June 30, 2023.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal ordinance or resolution of the Town Board. These amounts cannot be used for any other purpose unless the Town Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned: This classification includes amounts that are constrained by Town of Kiowa, Oklahoma's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Board or through the Board delegating this responsibility to the manager through the budgetary process.

Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The Town would typically use restricted fund balances first, followed by committed resources and the assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

## **6. *Government-wide Net Assets***

Government-wide net assets are divided into three components:

- Net investments in capital assets– consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net assets – consist of net assets that are restricted by creditors, by the state enabling legislation, by grantors (both federal and state), and by other contributors.
- Unrestricted – all other net assets are reported in this category.

## **II. BUDGETARY INFORMATION**

The Town mayor submits an annual budget to the Town Board in accordance with the Oklahoma Municipal Budget Act. In June the Town Board adopts annual fiscal year appropriated budgets for all Town funds.

Town of Kiowa, Oklahoma  
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June 30, 2023

The appropriated budget is prepared by fund, department and categories (personnel services, materials and supplies, other services and charges, capital outlay, debt services and transfers). Transfers of appropriations between departments within a fund require the approval of the Town Board. Transfers of appropriations between funds and supplements to the budget require Town Board approval. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

### III. DEPOSITS

Deposit Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town follows state statutes regarding custodial credit risk which requires collateral for all deposits in excess of Federal Deposit Insurance. As of June 30, 2023, the Town's bank balances were not exposed to custodial credit risk.

### IV. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Funds</b>				
Land	30,201	-	-	30,201
Buildings	206,274	64,035	-	270,309
Machinery and Equipment	2,364,221	149,633	(2,000)	2,511,854
Infrastructure	569,463	-	-	569,463
Total capital assets	3,170,159	213,668	(2,000)	3,381,827
Accumulated Depreciation	(2,607,544)	(110,900)	2,000	(2,716,444)
Net Assets	<u>\$ 562,615</u>			<u>\$ 665,383</u>
<b>Business-type activities</b>				
Land	-	-	-	-
Buildings	460,195	-	-	460,195
Machinery and Equipment	1,110,359	-	-	1,110,359
Water & Sewer System	6,892,452	-	-	6,892,452
Total capital assets	8,463,006	-	-	8,463,006
Accumulated Depreciation	(2,404,794)	(203,558)	-	(2,608,352)
Net Assets	<u>\$ 6,058,212</u>			<u>\$ 5,854,654</u>

Town of Kiowa, Oklahoma  
Notes to Financial Statements  
June 30, 2023

V. LONG-TERM LIABILITIES

Long-term liabilities of the Town of Kiowa as of June 30, 2023, are summarized as follows:

**Business-type activities**

The first note payable to Rural Development carries an interest rate of 4.25%. These monies were used to finance various PWA projects. The balance of this note as of June 30, 2023 was \$641,472 and matures in July 2049. The KPWA paid \$14,589 in principal and \$27,603 in interest on this obligation for the year ending June 30, 2023. Payments on this note are \$3,516 per month.

Year Ending June 30,	Principal	Interest
2024	15,325	26,867
2025	15,989	26,203
2026	16,682	25,510
2027	17,405	24,787
2028	18,160	24,032
2029-2034	105,309	105,651
2034-2039	127,720	83,240
2039-2044	157,901	53,059
2044-2049	166,637	44,323
2049-2050	344	3,172
Totals	\$ 641,472	\$ 416,844

The second note payable to Rural Development carries an interest rate of 2.5%. These monies were used for various PWA projects. The balance of this note as of June 30, 2023 was \$431,496 and matures in June 2050. The KPWA paid \$12,064 in principal and \$10,952 in interest on this obligation for the year ending June 30, 2023. Payments on this note are \$1,918 per month.

Year Ending June 30,	Principal	Interest
2024	12,392	10,624
2025	12,705	10,311
2026	13,027	9,989
2027	13,356	9,660
2028	13,694	9,322
2029-2034	73,842	41,238
2034-2039	83,844	31,236
2039-2044	94,611	20,469
2044-2049	107,397	7,683
2049-2050	6,628	3,031
Totals	\$ 431,496	\$ 153,563

The third note payable to Rural Development carries an interest rate of 2.00%. These monies were used for the waste water treatment project. The balance of this note as of June 30, 2023 was \$1,206,488 and matures in April 2057. The KPWA paid \$24,657 in principal and \$24,399 in

Town of Kiowa, Oklahoma  
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June 30, 2023

interest on this obligation for the year ending June 30, 2023. Payments on this note are \$4,088 per month.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	25,185	23,871
2025	25,693	23,363
2026	26,211	22,845
2027	26,741	22,315
2028	27,281	21,775
2029-2034	144,888	100,392
2034-2039	160,112	85,168
2039-2044	176,936	68,344
2044-2049	195,529	49,751
2049-2054	216,075	29,205
2054-2058	181,837	14,387
Totals	<u>\$ 1,206,488</u>	<u>\$ 461,416</u>

## VI. PENSION PLANS

### Policemen's Retirement Plan

Police department employees in Oklahoma participate in a state administered pension program established under legislative authority, Oklahoma Police Pension and Retirement System, which is a cost-sharing multiple-employer public employee retirement system (PERS). Under this program, contributions are made by each of three parties - the Town, the State of Oklahoma, and the participating employees. The Town has no responsibility or authority for the operation and administration of the pension program nor has it any related liability, except for the current contribution requirements. A participant with twenty years of service may retire with a normal retirement allowance. The normal retirement allowance paid monthly for life and then to beneficiaries equals 2.5% of the average compensation of the highest 30 consecutive months of the last 60 months of contributory service multiplied by the number of years of credited service up to the maximum of 30 years. Additional information can be obtained by writing Oklahoma Police Pension and Retirement Board, 1001 N.W. 63rd, Suite 305, Oklahoma Town, OK 73116.

The contribution rates for the Town and its employees are established by Statute. The Town is required to contribute 13% for the year ended June 30, 2023. Participating members are required to contribute 8%. The Town contributed \$41,674 on behalf of its employees for year ending June 30, 2023. Employees contributed \$25,646. Total police payroll and covered payroll for the year was \$323,663 and \$320,569, respectively.

### Volunteer Firefighters' Retirement Plan

The Town participates in the Oklahoma State Firefighters Pension and Retirement system which applies only to the Town's volunteer firefighters. Vesting occurs after 10 years of service

Town of Kiowa, Oklahoma  
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and payments begin at age 50, or after 20 years of services, whichever is later. Contributions are made by the Town at the rate of \$60 per volunteer firefighter per year. The total contribution for 2022/2023 was \$1,020 and covered 17 volunteers.

VII. CONTINGENCIES

Federal Programs

The Town participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The final acceptance of the audits of these programs including the year ended June 30, 2023, has not been given. Accordingly, the Town's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. However, the Town expects such amounts, if any, to be immaterial.

VIII. RISK MANAGEMENT

The Town is exposed to various risks of loss (torts, theft of, damage to, or destruction of assets, business interruptions, errors and omissions, job-related illnesses or injuries to employees, and acts of God) and has established a risk management strategy that attempts to minimize losses and the carrying cost of insurance. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded coverage in the past three years.

General Liability, Physical Property and Automobile Liability/Physical Damage - general liability, physical property and automobile liability/physical damage are insured through the Oklahoma Municipal Assurance Group (OMAG) risk entity pool. Deductibles range from \$0 to \$5,000. Risk of loss retained is limited to the excess of insurance liability coverage limits set by OMAG.

Workers' Compensation - Workers' compensation is insured through CompSource Oklahoma. Risk of loss retained is limited to the excess of insurance liability coverage limits set by CompSource Oklahoma.

IX. SUBSEQUENT EVENT

Subsequent events have been evaluated through May 30, 2024, which is the date the financial statements were issued.

**Town of Kiowa**  
**Special Revenue Funds**  
**Combining Balance Sheet - Modified Cash Basis**  
**June 30, 2023**

	<b>Cemetary Fund</b>	<b>Community Building Fund</b>	<b>Nutrition Fund</b>	<b>Total Nonmajor Funds</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	45,209.21	35,123.86	3,327.01	83,660.08
<b>Total Assets</b>	<u>\$ 45,209.21</u>	<u>\$ 35,123.86</u>	<u>\$ 3,327.01</u>	<u>\$ 83,660.08</u>
<b>LIABILITIES</b>				
Accounts Payable	-	-	-	-
Accrued Liabilities	-	-	-	-
Due to Other Funds	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted	45,209.21	35,123.86	3,327.01	83,660.08
<b>Total Fund Balances</b>	<u>45,209.21</u>	<u>35,123.86</u>	<u>3,327.01</u>	<u>83,660.08</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 45,209.21</u>	<u>\$ 35,123.86</u>	<u>\$ 3,327.01</u>	<u>\$ 83,660.08</u>

The accompanying footnotes are an integral part of these financial statements

**Town of Kiowa**  
**Special Revenue Funds**  
**Statement of Revenues, Expenditures and Changes in Net Position - Modified Cash Basis**  
**For the Year Ending June 30, 2023**

	<b>Cemetery Fund</b>	<b>Community Building Fund</b>	<b>Nutrition Fund</b>	<b>Total Nonmajor Funds</b>
<b>Revenues</b>				
Donations & Fundraising	-	-	9,396.82	9,396.82
Other Revenues	382.27	610.00	139.20	1,131.47
Interest Revenues	196.01	-	-	196.01
Grant Revenues	-	-	32,326.55	32,326.55
<b>Total Revenues</b>	<u>578.28</u>	<u>610.00</u>	<u>41,862.57</u>	<u>43,050.85</u>
<b>Expenditures</b>				
Personnel Services	-	-	76,335.49	76,335.49
Maintenance & Operations	17,717.75	3,115.08	25,077.16	45,909.99
Capital Outlay	-	13,965.00	-	13,965.00
<b>Total Expenses</b>	<u>17,717.75</u>	<u>17,080.08</u>	<u>101,412.65</u>	<u>136,210.48</u>
<b>Excess Revenues over Expenses</b>	(17,139.47)	(16,470.08)	(59,550.08)	(93,159.63)
<b>Other Financing Sources and Uses</b>				
Transfers In/Out	16,717.75	14,877.29	49,659.95	81,254.99
<b>Total Other Financing Sources and Uses</b>	<u>16,717.75</u>	<u>14,877.29</u>	<u>49,659.95</u>	<u>81,254.99</u>
<b>Net Change in Fund Balances</b>	<u>(421.72)</u>	<u>(1,592.79)</u>	<u>(9,890.13)</u>	<u>(11,904.64)</u>
Fund Balances, Beginning	45,630.93	36,716.65	13,217.14	95,564.72
Fund Balances, Ending	<u>\$ 45,209.21</u>	<u>\$ 35,123.86</u>	<u>\$ 3,327.01</u>	<u>\$ 83,660.08</u>

The accompanying notes are an integral part of these financial statements

## **Russell & Williams CPA's, P.C.**

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### **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees  
Town of Kiowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Kiowa, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Town of Kiowa's basic financial statements, and have issued our report thereon dated May 30, 2024.

The report was a special report on the Town's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Kiowa's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kiowa's internal control. Accordingly, we do not express an opinion on the effectiveness of Kiowa's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Town of Kiowa's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material



effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Town of Kiowa's Response to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Russell + Williams CPAs, P.C.*

Oklahoma City, Oklahoma  
May 30, 2024