

TOWN OF VIAN, OKLAHOMA

AUDITED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the Year Ended June 30, 2023

Audited By:

Robert St. Pierre, C.P.A., P.C.
Certified Public Accountant
1113 North Second St.
Stilwell, OK 74960

TABLE OF CONTENTS

For the Year Ended June 30, 2023

	<u>Page</u>
<u>INDEPENDENT AUDITOR'S REPORT</u>	1-2
<u>FINANCIAL STATEMENTS</u>	
Government – Wide Financial Statements:	
Statement of Net Position – Modified Cash Basis	3
Statement of Activities – Modified Cash Basis	4
Fund Financial Statements:	
Balance Sheet – Modified Cash Basis Governmental Funds	5
Reconciliation of the Governmental Funds Statements of Assets, Liabilities and Fund Balance To the Government Wide Statement of Net Position – Modified Cash Basis	6
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – Modified Cash Basis	7
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Government-Wide Statement of Revenues, Expenses and Changes in Net Position – Modified-Cash Basis	8
Proprietary Funds:	
Statement of Net Position Proprietary Funds – Modified Cash Basis	9
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds – Modified Cash Basis	10
Statement of Cash Flows – Modified Cash Basis	11
<u>NOTES TO BASIC FINANCIAL STATEMENTS</u>	12-25
Pension Plan Information:	
Oklahoma Firefighter's Pension & Retirement System	21-25
<u>SUPPLEMENTARY INFORMATION</u>	
Schedule of Federal and State Assistance	26
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 <i>Government Auditing Standards</i>	27-28
Schedule of Findings and Responses	29

INDEPENDENT

AUDITOR'S

REPORTS

ROBERT ST. PIERRE, C.P.A., P.C.

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Town Council
Town of Vian, Oklahoma
Vian, 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 and each major fund of the Town of Vian, Oklahoma (the "Town"), 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 and each major fund of the Town as of June 30, 2023, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

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

Emphasis of Matter—Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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'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'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 Matters

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Federal and State Assistance but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated **February 15, 2024**, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal 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 the Town's internal control over financial reporting and compliance.

Very truly yours,

Robert St. Pierre

Robert St. Pierre C.P.A, P.C.
Stilwell, Oklahoma
February 15, 2024

GOVERNMENT-WIDE

FINANCIAL

STATEMENTS

TOWN OF VIAN, OKLAHOMA
GOVERNMENT-WIDE STATEMENT OF NET POSITION
As of June 30, 2023

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:			
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 884,387	\$ 151,900	\$ 1,036,287
Restricted Cash	340,290	27,639	367,929
Certificates of Deposit	200,045	175,000	375,045
TOTAL CURRENT ASSETS	<u>1,424,722</u>	<u>354,539</u>	<u>1,779,261</u>
NONCURRENT ASSETS:			
Capital Assets:			
Non-depreciable Assets	2,405,375	46,500	2,451,875
Depreciable	2,661,877	6,337,067	8,998,944
Total Capital Assets	5,067,252	6,383,567	11,450,819
<i>Less: Accumulated Depreciation</i>	(1,460,177)	(2,161,856)	(3,622,033)
TOTAL NONCURRENT ASSETS	<u>3,607,075</u>	<u>4,221,711</u>	<u>7,828,786</u>
TOTAL ASSETS	<u>\$ 5,031,797</u>	<u>\$ 4,576,250</u>	<u>\$ 9,608,047</u>
LIABILITIES:			
Payroll Liabilities	\$ 5,310	\$ 1,752	\$ 7,062
Meter Deposits Payable	-	84,544	84,544
Current Portion of Non-Current Liabilities	-	91,969	91,969
TOTAL CURRENT LIABILITIES	<u>5,310</u>	<u>178,265</u>	<u>183,575</u>
Non-Current Liabilities	-	1,679,446	1,679,446
TOTAL NON-CURRENT LIABILITIES	<u>-</u>	<u>1,679,446</u>	<u>1,679,446</u>
TOTAL LIABILITIES	<u>5,310</u>	<u>1,857,711</u>	<u>1,863,021</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	3,607,075	4,612,152	8,219,227
Restricted	-	27,639	27,639
Unrestricted	1,419,412	(1,921,252)	(501,840)
TOTAL NET POSITION	<u>\$ 5,026,487</u>	<u>\$ 2,718,539</u>	<u>\$ 7,745,026</u>

TOWN OF VIAN, OKLAHOMA
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS	
		CHARGES FOR SERVICES	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES						
General Government	\$ 93,618	\$ 11,912	\$ 486,014	\$ 404,308	\$ -	\$ 404,308
City Clerk	69,595	-	-	(69,595)	-	(69,595)
Police	532,641	-	-	(532,641)	-	(532,641)
Fire	31,198	-	-	(31,198)	-	(31,198)
Parks	109,350	-	-	(109,350)	-	(109,350)
Sanitation	101,050	-	-	(101,050)	-	(101,050)
Nutrition	2,250	-	-	(2,250)	-	(2,250)
Street	171,464	-	-	(171,464)	-	(171,464)
Town Supervisor	58,713	-	-	(58,713)	-	(58,713)
Code Enforcement	-	-	-	-	-	-
Special Sales Tax	-	-	-	-	-	-
Court	42,596	-	-	(42,596)	-	(42,596)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 1,212,475	\$ 11,912	\$ 486,014	\$ (714,549)	\$ -	\$ (714,549)
BUSINESS-TYPE ACTIVITIES						
Water and Sewer	-	-	-	-	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	749,660	642,563	-	-	(107,097)	-
TOTAL	\$ 1,962,135	\$ 654,475	\$ 486,014	\$ (714,549)	\$ (107,097)	\$ (714,549)

GENERAL REVENUES:

Sales and Use Tax	836,477	-	836,477
Franchise Tax	49,078	-	49,078
Alcoholic Beverage Tax	20,072	-	20,072
Gas Tax	2,414	-	2,414
Commercial Vehicle Tax	8,116	-	8,116
Cigarette Tax	4,900	-	4,900
Interest Income	7,745	1,009	8,754
Sanitation	223,650	-	223,650
Fines	171,686	-	171,686
Miscellaneous	124,039	-	124,039
Gain (Loss) on Sale of Assets	97,477	-	97,477
TRANSFERS (Note 5)	(381,541)	381,541	-
TOTAL GENERAL REVENUES AND TRANSFERS	1,164,113	382,550	1,546,663
CHANGE IN NET ASSETS	449,564	275,453	832,114
NET POSITION BEGINNING OF YEAR RESTATED	4,576,923	2,443,085	7,020,008
NET POSITION END OF YEAR	\$ 5,026,487	\$ 2,718,539	\$ 7,745,026

FUND

FINANCIAL

STATEMENTS

TOWN OF VIAN, OKLAHOMA
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	GENERAL	SPECIAL SALES TAX	SPECIAL REVENUE	TOTAL GOVERNMENTAL FUNDS
ASSETS:				
Cash and Cash Equivalents	\$ 716,133	\$ -	\$ 168,254	\$ 884,387
Certificate of Deposit	-	-	200,045	200,045
Restricted Cash	-	326,869	13,421	340,290
TOTAL ASSETS	\$ 716,133	\$ 326,869	\$ 381,720	\$ 1,424,722
		-		
LIABILITIES & FUND BALANCES:				
LIABILITIES				
Payroll Liabilities	\$ 5,310	\$ -	\$ -	\$ 5,310
TOTAL LIABILITIES	5,310	-	-	5,310
FUND BALANCES				
Reserved	-	326,869	-	326,869
Unreserved	710,823	-	381,720	1,092,543
TOTAL FUND BALANCES	710,823	326,869	381,720	1,419,412
TOTAL LIABILITIES & FUND BALANCES	\$ 716,133	\$ 326,869	\$ 381,720	\$ 1,424,722

TOWN OF VIAN, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	General	Special Sales Tax	Court	Government Funds
Revenues				
Sales & Use Taxes	\$ 836,477	\$ -	\$ -	\$ 836,477
Franchise Taxes	49,078	-	-	49,078
Alcoholic Beverage Tax	20,072	-	-	20,072
Gas Excise Tax	2,414	-	-	2,414
Commercial Vehicle Tax	8,116	-	-	8,116
Cigarette Tax	4,900	-	-	4,900
Interest	6,719	668	358	7,745
Sanitation	223,650	-	-	223,650
Grants	486,014	-	-	486,014
Other	73,254	-	-	73,254
Donations	50,785	-	-	50,785
Fines	-	-	171,686	171,686
Charges for Services	11,912	-	-	11,912
TOTAL REVENUES	1,773,391	668	172,044	1,946,103
Expenditures				
General Government	80,930	-	-	80,930
City Clerk	69,595	-	-	69,595
Police	511,568	-	-	511,568
Fire	22,820	-	-	22,820
Parks	96,209	-	-	96,209
Sanitation	82,508	-	-	82,508
Nutrition	1,596	-	-	1,596
Street	142,928	-	-	142,928
Town Supervisor	58,713	-	-	58,713
Court	-	-	42,596	42,596
Capital Outlay	482,486	-	-	482,486
				-
Total Expenditures	1,549,353	-	42,596	1,591,949
Excess (Deficiency) of Revenues Over Expenditures	224,038	668	129,448	354,154
Other Financing Sources & (Uses)				
Transfers In	84,000	181,048	-	265,048
Transfers Out	(336,048)	(76,541)	(234,000)	(646,589)
Proceeds From Sale of Property	140,000	-	-	140,000
Total Other Financing Sources And (Uses)	(112,048)	104,507	(234,000)	(241,541)
Net Change in Fund Balances	111,990	105,175	(104,552)	112,613
Fund Balances--Beginning	598,833	221,694	486,272	1,306,799
Fund Balances--Ending	\$ 710,823	\$ 326,869	\$ 381,720	\$ 1,419,412

TOWN OF VIAN, OKLAHOMA
Reconciliation of the Balance Sheet of Governmental Funds
For the Year Ended June 30, 2023

Fund balances--total governmental funds	\$ 1,419,412
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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 funds:	<u>3,607,075</u>
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Net Assets of Governmental Activities	<u>\$ 5,026,487</u>
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TOWN OF VIAN, OKLAHOMA
Reconciliation of the Governmental Funds Statement of Revenue, Expenditures,
and Changes in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2023

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 112,613
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital outlays are reported in governmental funds expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay is more than depreciation expense of \$103,012 plus the capital acquisitions for the year of \$482,486.	379,474
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Proceeds from the sale of fixed assets is reported in the fund financials as to the cash received. In the Government Wide financials, they are reported by the gain of sale of fixed assets. The Town sold the Nutrition Center for \$140,000. The gain on sale was \$97,477 the difference is \$42,523.	<u>(42,523)</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 449,564</u>
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PROPRIETARY FUND

FINANCIAL

STATEMENTS

TOWN OF VIAN, OKLAHOMA
STATEMENT OF NET POSITION
VIAN PUBLIC WORKS AUTHORITY
PROPRIETARY FUNDS
For the Year Ended June 30, 2023

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 151,900	
Restricted Cash	27,639	
Certificate of Deposit	<u>175,000</u>	
TOTAL CURRENT ASSETS		<u>354,539</u>

CAPITAL ASSETS

Original Cost, Fixed Assets	6,383,567	
Less: Accumulated Depreciation	<u>(2,161,856)</u>	
NET CAPITAL ASSETS		<u>4,221,711</u>

TOTAL ASSETS	<u><u>\$ 4,576,250</u></u>
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LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Payroll Taxes Payable	\$ 1,752	
Current Portion of Long Term Debt	<u>91,969</u>	
TOTAL CURRENT LIABILITIES		<u>93,721</u>

NONCURRENT LIABILITIES

Customer Meter Deposits	84,544	
Long Term Debt	<u>1,679,446</u>	
TOTAL NONCURRENT LAIBILITIES		<u>1,763,990</u>

TOTAL LIABILITIES	<u>1,857,711</u>
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NET POSITION

Invested in Capital Assets, Net of Related Debt	2,450,296	
Restricted	27,639	
Unrestricted	<u>240,604</u>	
TOTAL NET POSITION		<u>2,718,539</u>

TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 4,576,250</u></u>
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**VIAN PUBLIC WORKS AUTHORITY
PROPRIETARY FUNDS
For the Year Ended June 30, 2023**

OPERATING REVENUES

Charges for services	\$ 642,563	
Miscellaneous	-	
TOTAL OPERATING REVENUES		<u>\$ 642,563</u>

OPERATING EXPENSES

Water Purchased	\$ 99,531	
Supplies	59,246	
Salaries and related expenses	257,049	
Gas & Oil	11,338	
Professional Fees	14,181	
Lab Test	9,211	
Insurance	17,619	
Utilities and Telephone	30,656	
Dues & Permits	473	
Board Members	12,300	
Dues & Subscriptions	2,359	
Travel	1,279	
Office Expense	3,441	
Other Expenses	2,361	
Repairs and Maintenance	31,156	
Depreciation	162,009	
TOTAL OPERATING EXPENSES		<u>714,209</u>

OPERATING INCOME	<u>(71,646)</u>
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NON-OPERATING REVENUE (EXPENSES)

Interest Income	1,009	
Interest Expense	(35,451)	
TOTAL NON-OPERATING REVENUE (EXPENSES)		<u>(34,442)</u>

NET INCOME BEFORE OPERATING TRANSFERS	<u>(106,088)</u>
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TRANSFERS

Transfers In (Out)	<u>381,541</u>
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CHANGE IN NET POSITION	275,453
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BEGINNING OF YEAR NET POSITION	<u>\$ 2,443,085</u>
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END OF YEAR NET POSITION	<u><u>\$ 2,718,539</u></u>
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**TOWN OF VIAN, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
VIAN PUBLIC WORKS AUTHORITY
For the Year Ended June 30, 2023**

CASH FLOWS FROM OPERATIONS

Cash Received from Customers	\$ 642,563
Cash Payments from Suppliers	(284,316)
Cash Payments to Employees	(256,102)

NET CASH PROVIDED BY OPERATING ACTIVITIES 102,145

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Grant Income	(972,432)
Transfers In Net of Transfers Out	-

NET CASH USED FOR NONCAPITAL FINANCING ACTIVITIES (972,432)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Investment in Fixed Assets	-
Proceeds from Long Term Debt	519,103
Retirement of Long Term Debt	(76,089)
Interest Expense	(35,451)

NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES 407,563

CASH FLOWS FROM INVESTING ACTIVITIES

Transfers	381,541
Interest Income	1,009
Gain (Loss) on Sale of Asset	-

NET CASH PROVIDED BY INVESTING ACTIVITIES 382,550

CHANGE IN CASH AND CASH EQUIVALENTS (80,174)

CASH AND CASH EQUIVALENTS - Beginning of Year 259,713

CASH AND CASH EQUIVALENTS - End of Year \$ 179,539

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Net Cash Provided by Operating Activities	(71,646)
Adjustments:	
Depreciation	162,009
Net change in Assets and Liabilities	
Accounts Payable	-
Credit Balance	-
Payroll Taxes Payable	947
Customer Deposits Payable	10,835
Other Adjustments	-

Operating Income \$ 102,145

**FINANCIAL
STATEMENT
NOTES**

TOWN OF VIAN, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Vian, Oklahoma (the "Town") accounting policies and financial statement presentation conform to the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The modified cash basis of accounting is based on the recording of cash and cash equivalents, and changes therein, and only recognizes revenues, expenses, assets, and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles and are recommended by the Government Financial Officers Association (GFOA) small government annual financial report model. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

As a result of the use of this modified 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 accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received by not yet paid, and accrued expenses and liabilities, including pension liabilities) are not recorded in these financial statements.

If the Town utilized the basis of accounting recognized as generally accepted by GASB, the government-wide financial statements would be presented on the accrual basis of accounting, the governmental funds would utilize the accrual basis of accounting, and the proprietary funds would utilize the accrual basis of accounting.

Exceptions to the modified cash basis of reporting are as follows:

The Town reports all fixed assets as capitalized assets provided the cost is in excess of the capitalization policy.

The Town reports all payroll-related liabilities.

The Town also reports long-term debt in their fiduciary funds as well as a liability for meter deposits of the customers.

The more significant accounting policies established in the modified cash basis of accounting and used by the Town as well as a further description of departures from governmental GAAP are discussed below:

Reporting Entity

The Town of Vian, Oklahoma is incorporated and operates under a statutory Town form of government as directed by Title 11 of the Oklahoma statutes. The duties of the mayor are set forth in Title 11 and the Town is governed by five Trustees each representing a ward within the Town. Major operations include police and fire protection, parks and recreation, public works, sanitation and streets, and general administrative services.

These financial statements present the activities of the Town and its component units, entities for which the Town is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the Town's operations and so data from these units are combined with the data of the primary government.

In evaluating how to define the Town of Vian, Oklahoma, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting

entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service application of this criterion involves considering whether the activity benefits the Town and/or its citizens, or whether the activity is conducted within the geographic boundaries of the Town and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Town is able to exercise oversight responsibilities.

Component units may be presented as either a blended component unit or a discretely presented component unit. A blended component unit is a separate legal entity that meets the component unit criteria. In addition, the blended component unit's governing body is the same or substantially the same as the Town Council or the component unit provides services entirely to the Town. The component unit's funds are blended into those of the Town by appropriate fund type to constitute the primary government presentation. A discretely presented component unit is a separate legal entity that meets the component unit criteria but does not meet the criteria for blending.

Measurement Focus, Basis of Accounting, and Basis of Presentation – Fund Accounting

The Town's basic financial statements consist of government-wide statements, including a statement of net position and a statement of revenues, expenses and changes in net position, and fund financial statements, which provide a more detailed level of financial information. The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are normally prepared using the accrual basis of accounting but the Town of Vian presentation is on a modified cash basis.

Government-Wide Financial Statements - The statement of net position and the statement of revenues, expenses and changes in net position displays information about the Town as a whole. These statements include the financial activities of the primary government except fiduciary funds. The statements distinguish between those activities of the Town that are governmental and those that are considered business-type activities.

The statement of net position presents the governmental and business-type activities at year-end on a modified cash basis. The statement of revenues, expenses and changes in net position presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities and for the business type activities of the Town. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on program revenues are presented as general revenues of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Town.

Fund Financial Statements – During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of government and enterprise fund financial statements is on major funds, each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting – The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are three types of funds, governmental, proprietary, and fiduciary. The Town does not have any fiduciary funds at year end.

Government Funds - are used to account for the government's general government activities. The Town of Vian presents its governmental activities on the modified cash basis of accounting rather than generally accepted accounting principles (GAAP). GAAP requires that governmental fund types would use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under that basis of accounting, revenues would be recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or-soon enough thereafter to be used to pay liabilities of the current period. GAAP provides that all revenues are available if they are collected within 60 days after year-end. Using GAAP, expenditures would be recorded when the fund liability is incurred with certain exceptions (general long-term debt and certain compensated absences, claims and judgments). The Town of Vian records governmental fund expenditures as they are paid rather than when the obligation is incurred and revenues when received.

Sales and use taxes, cigarette-taxes, gasoline excise taxes, and motor vehicle taxes collected and held by the state and county at year-end on behalf of the Town are susceptible to accrual under GAAP but are not recognized as revenue until received under the modified cash basis. Other receipts and taxes (franchise taxes, licenses, etc.) are recognized as revenue when received by the government.

Entitlements and shared revenue are recorded at the time of receipt. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The following are the Town's major funds:

- **General Fund** — The General Fund is the general operating fund of the Town. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- **Special Revenue Funds** — Special Revenue Funds account for revenue sources that are either legally restricted to expenditures for specific purposes or designated to finance functions of the Town.

The Town's proprietary funds, the Vian Public Works Authority (VPWA) financial statements, include water and sewer.

The Town does not have any fiduciary activities or internal service funds.

Proprietary Funds - Proprietary funds are classified as enterprise funds. For GAAP purposes, these funds are generally accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred. In the Town's modified cash basis financial statements revenues are recorded when received and expenditures are recorded when paid apart from customer meter deposits which the Town-records as a modification to the cash basis of accounting.

Vian Public Works Authority (VPWA) — The Vian Public Works Authority accounts for the operations of providing water works (water, sewer, and trash) to the Town residents.

Assets, Liabilities, and Net Assets or Equity

Cash and Cash Equivalents

Oklahoma statutes authorize the Town to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the Town can invest in direct debt securities of the United States unless law expressly prohibits such an investment.

For financial statement presentation and for purposes of the statement of cash flows, the Town's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit with maturity date of three months or less. Debt instruments with a maturity date of more than three months from date of issue are considered to be investments. Investments are stated at cost.

Fair Value of Financial Instruments

The Town's financial instruments include cash and cash equivalents, investments, accounts receivable and accounts payable. The Town's estimates of the fair value of all financial instruments do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements; however, accounts receivable and accounts payable are not reflected in the financial statements because of the use of the modified cash basis of accounting.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, sidewalks, streetlights, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value as of the date of the donation. It is the Town's policy to capitalize and depreciate all asset purchases over \$5,000.

The costs of normal maintenance are repairs that do not add to the value of the asset or materiality extend assets lives are not capitalized.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

	Class Life
Buildings	40 yrs.
Vehicles	5 yrs.
Equipment	7 yrs.
Infrastructure	40 yrs.

Use of Estimates

The preparation of financial statements in conformity with another comprehensive basis of accounting, under the modified accrual approach, requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Compensated Absences

Employee vacation and holiday leave do not vest or accumulate and sick leave is not normally paid without an illness-related absence; therefore, no accruals for compensated absences have been reflected in the

accompanying financial statements. The Organization, however, does pay employees for accrued vacation in the instance that employment is terminated, and unused vacation leave is present.

Long-Term Obligations

The accounting and reporting treatment applied to long-term liabilities associated with a fund are determined by its measurement focus. All governmental fund types are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Therefore, long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

Net Position/Fund Balance

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

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

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

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

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

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

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

Resource Use Policy

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

NOTE 2: BUDGETARY ACCOUNTING

The Town uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. The mayor submits to the Town Council a proposed operating budget. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the Town to obtain taxpayer comments.
3. The Town Council adopts the budget.
4. The Town Clerk, with approval, is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council.
5. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Revenues shall be classified separately by source. Expenditures shall be departmentalized within each fund and shall be classified into at least the following accounts: Personal services, materials and supplies, other services and charges, capital outlays, and debt service, and transfers.

The Town prepares an annual operating budget for its General Fund, Special Revenue Funds, and Proprietary Funds.

The Town prepares its budget on the same basis of accounting as is used to prepare its non-budgetary financial statements.

NOTE 3: BANK DEPOSITS

The Town's bank account balances are as follows:

	Town of Vian	VPWA	Total
Cash and Cash Equivalents	\$ 897,808	\$ 125,806	\$ 1,023,614
Restricted Cash	326,869	53,733	380,602
Certificates of Deposit	200,045	175,000	375,045
Total Cash and Cash Equivalents	<u>\$ 1,424,722</u>	<u>\$ 354,539</u>	<u>\$ 1,779,261</u>

At June 30, 2023, the total amount of the Town's bank accounts were insured by FDIC insurance.

NOTE 4: RESTRICTED ASSETS – CASH

Restricted cash represents amounts maintained in separate bank accounts for the purpose of segregating funds. Restricted cash consisted of the following:

	<u>Amount</u>
VPWA Meter Deposit	\$ 27,639
Court - Technology Fee	13,421
Special Sales Tax	326,869
Total Restricted Cash	<u>\$ 367,929</u>

NOTE 5: INTER-FUND BALANCES AND TRANSFERS

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds		
General	\$ 84,000	\$ 336,048
Special Sales Tax	181,048	76,541
Court	-	234,000
Vian Public Works Authority	381,541	-
Totals	<u>\$ 646,589</u>	<u>\$ 646,589</u>

Throughout the course of the year, the Town makes occasional inter-fund transfers. The transfers are normally approved so that the fund receiving the money can continue to operate. Major transfers for the fiscal year ended June 30, 2023, consisted of transfers of sales tax to pay for debt service and fixed assets purchased with grant funds and used in the public works authority.

NOTE 6: CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Town and Vian Public Works Authority to credit risk consist primarily of the accounts receivable of Vian Public Works Authority. Vian Public Works Authority sells primarily to citizens in and around Vian, Oklahoma.

NOTE 7: RISK MANAGEMENT

The Town is exposed to various levels of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance along with policies through Oklahoma Municipal Assurance Group for risk loss.

There has been no significant reduction in the Town's insurance coverage from the previous year. In addition, there have been no settlements in excess of the Town's coverage in any of the prior three fiscal years.

NOTE 8: LONG-TERM DEBT**Vian Public Works Authority**

Payable To:	Date Note Matures	Collateral Pledged	Rate of Interest	Original Balance	Balance at 6/30/2023	Principal Due in One Year
Jessie Young	12/30/2023	Revenues/Assets	3.00%	519,103	\$ 491,675	\$ 46,092
OWRB	8/15/2043	Revenues/Assets	2.22%	\$ 1,655,000	1,279,740	48,662
				<u>\$ 2,174,103</u>	<u>\$ 1,771,415</u>	<u>\$ 94,754</u>

The total future scheduled maturities of long-term debt are as follows:

Years ending June 30:

	PRINCIPAL	INTEREST
2024	94,754	35,115
2025	97,232	23,786
2026-2028	304,157	48,455
2029-2031	333,251	67,974
2032-2034	264,563	46,322
2035-2043	677,458	79,484
TOTAL	<u>\$ 1,771,415</u>	<u>\$ 301,136</u>

NOTE 9: COMMITMENTS AND CONTINGENCIES**Grant Programs**

The Town participates in the certain federal and state grant programs as available. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grant. The monetary number of expenditures that may be disallowed by the granting agency cannot be determined at this time. Although, it is believed by the Town that the amount, if any, would not be significant.

Litigation

At the report date, the Town of Vian was not aware of any pending of threatened lawsuits and had not hired an attorney to represent them in any suits.

NOTE10: INSURANCE COVERAGE

The Town purchases commercial insurance policies covering property casualty loss, public liability, board member and administrator liability, and worker's compensation. The Town also purchases surety bonds for employees in all positions required by state law to be bonded.

NOTE 11: CAPITAL ASSET ACTIVITY

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

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023
Capital Assets being Depreciated				
Land	\$ 2,405,375	\$ -	\$ -	\$ 2,405,375
Automobiles and Trucks	899,246	100,031	-	999,277
Buildings and Building Improvements	607,548	-	125,489	482,059
Infrastructure	575,158	365,164	-	940,322
Equipment	229,475	17,291	6,547	240,219
Total Capital Assets being Depreciated	\$ 4,716,802	\$ 482,486	\$ 132,036	\$ 5,067,252
<i>Less: Accumulated Depreciation</i>				
Automobiles and Trucks	\$ 861,761	\$ 30,690	\$ -	\$ 892,451
Buildings	335,897	7,969	82,937	\$ 260,929
Infrastructure	127,782	21,196	-	148,978
Equipment	121,248	43,157	6,586	157,819
Total Accumulated Depreciation	1,446,688	103,012	89,523	1,460,177
Governmental Activities, Capital Assets, Net	\$ 3,270,114	\$ 379,474	\$ 42,513	\$ 3,607,075

Depreciation expense for governmental activities is charged to functions as follows:

General Government	\$ 12,688
Public Safety	21,073
Street and Sanitation	55,456
Parks and Recreation	13,795
Total Depreciation from Governmental Activities	<u>\$ 103,012</u>

Capital asset activity for business-type activities for the year ended June 30, 2023 was as follows:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023
Capital Assets, being Depreciated				
Water System and Sewer Systems	\$ 5,070,932	\$ 28,493	\$ -	\$ 5,099,426
Equipment	238,710	892,064	-	1,130,774
Land	1,500	45,000	-	46,500
Automobiles	99,992	6,875	-	106,867
Construction in Progress	-	-	-	-
Total Capital Assets being Depreciated	\$ 5,411,134	\$ 972,432	\$ -	\$ 6,383,567
<i>Less: Accumulated Depreciation</i>				
Water Plant and Sewer Systems	\$ 1,876,608	\$ 126,150	\$ -	\$ 2,002,758
Equipment	61,063	22,558	-	83,621
Land	-	-	-	-
Automobiles	62,176	13,301	-	75,477
Construction in Progress	-	-	-	-
Total Accumulated Depreciation	1,999,847	162,009	-	2,161,856
Business-Type Activities, Capital Assets, Net	\$ 3,411,287	\$ 810,423	\$ -	\$ 4,221,711

NOTE 12: PENSION PLAN

The Town participates in the Oklahoma Municipal Retirement Fund (O.M.R.F.), which provides coverage to substantially all full-time Town employees. The plan is a multiple-employer plan.

Plan Description

The Town of Vian participates in two pension or retirement plans:

1. Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust (OMRF) – an agent multiple-employer defined benefit plan
2. Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan

Firefighter Pension System:

Oklahoma Firefighters Pension and Retirement System:

Plan description - The Town of Vian, as the employer, participates in the Firefighters Pension & retirement—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at www.ok.gov/FPRS.

Benefits provided - FPRS provides retirement, disability, and death benefits to members of the plan. Benefits for members hired prior to November 1, 2013, are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more of service

Benefits for members hired after November 1, 2013, are determined as 2.5 percent of the employee's final average compensation times the employee's years-of service and have reached the age of 50 or have complete 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more of service.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not-in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-line-of-duty pension is \$150.60 with less than 20 years of service, or \$7.53 per year of service, with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. The Town accrued did not accrue a pension liability for the fiscal year ended June 30, 2023.

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS; which can be located at www.ok.gov/fprs "Schedule of Retirement Plan Contributions — OkMRF".

Schedule of Retirement Plan Contributions – OMRF

Plan Description - The Town contributes to the OkMRF for all eligible employees except for those covered by the Police and Firefighter Pension Systems. The plan is an agent multiple employer - defined benefit plan administered by OkMRF. The OkMRF plan issues a separate financial report and can be obtained from OkMRF or from their website: www.okmrf.org/reports.html. Benefits are established or amended by the Town Council in accordance with O.S. Title 11, Section 48-101-102.

Summary of Significant Accounting Policies - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's plan and additions to/deductions from the Town's fiduciary net position have been determined on the same basis as they are reported by OkMRF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on published market prices. Detailed information about the OkMRF plans' fiduciary net position is available in the separately issued OkMRF financial report.

Eligibility Factors and Benefit Provisions

As of July 1, 2021

<u>Provision</u>	<u>OkMRF Plan</u>
Eligible to participate	All Regular full-time employees except police, firefighters and other employees who are covered under an approved system.
Probationary Period	None
Employee Contributions	4.5% of pay
Service	
Credited Service	The last period of continuous employment with employer.
Vesting	Credited Service plus transferred service from other OKMRF employers.
Benefit Eligibility	10 or more year of vesting service.
Final Average Compensation	The average of the 5 highest consecutive years of salaries out of the last 10 years of service.
Accrued Benefit	Plan BB
	2.25% of final average compensation multiplied by the number of years of credited service.
Normal Retirement Age	Age 65 with 10 or more years of service.
Normal Retirement	
Eligibility	Termination of employment on or after normal retirement age.
Benefit	The accrued benefit payable immediately.

Early Retirement

Eligibility

Termination after age 55 with 10 or more years of vesting service.

Benefit

The accrued benefit payable starting at normal retirement age, or the accrued benefit reduced 5% per year for commencement prior to normal retirement age.

Disability Retirement

Eligibility

Total and permanent disability after 10 or more years of service.

Benefit

The accrued benefit is payable upon disablement without reduction for early retirement.

Termination Before Retirement Age

Before Vesting

Return of employee contributions, if any, with interest.

After Vesting

The accrued benefit payable starting at normal retirement age, or a reduced benefit payable at an early retirement age.

In-Service Death

Before Vesting

Return of employee contributions if any with interest.

After Vesting (Married
Participants only)

50% of accrued benefit is payable to the spouse until death or remarriage.

After Vesting (other participants)

50% of the accrued benefit is payable for 5 years certain.

Payment Options

Normal Form

The normal form of payment of the accrued benefit is a monthly lifetime annuity of 5 years certain.

Optional Forms

Disability retirement benefits are available under actuarially equivalent optional forms:

-Joint and 50% survivor annuity

-Joint and 66-2/3rds% last survivor annuity

-Joint and 100% survivor annuity

Cost of Living

This plan has not elected the automatic post-retirement cost of living adjustments.

Employees Covered by Benefit Terms

Active Employees	14
Deferred Vested Former Employees	2
Retirees or Retiree Beneficiaries	<u>2</u>
Total	<u><u>18</u></u>

Contribution Requirements-The Town Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate.

Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2022
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments and Discount Rate	7.25%
c. Projected Salary Increase	Varies between 7.5% and 4.5% based on age
d. Post Retirement Cost-of-Living Increase	This plan has not elected the automatic post-retirement, cost-of-living adjustments.
e. Inflation Rate	2.75%
f. Mortality Table	UP 1994, with projected mortality improvement
g. Percent of married employees	100%
h. Spouse age difference	3 years (female spouses younger)
i. Turnover	Select and ultimate rates
	Ultimate rates are age-related as shown
	Additional rates per thousand are
	Added during the first 5 years:
	Year 1: 225
	Year 2: 140
	Year 3: 100
	Year 4: 70
	Year 5: 40

Discount Rate – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.50% since the plan’s net fiduciary position is projected to be sufficient to make projected benefit payments.

The Town has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%).

Management has chosen not to report the effects of any pension liability, deferred inflows, deferred outflows or pension assets on these financial statements, our opinion is modified due to this GAAP departure.

NOTE 13: SUBSEQUENT EVENTS

Management has evaluated and disclosed subsequent events up to **February 15, 2024**, the date of the audit report.

**SUPPLEMENTARY
INFORMATION**

TOWN OF VIAN, OKLAHOMA
SCHEDULE OF FEDERAL AND STATE ASSISTANCE
For the Year Ended June 30, 2023

Grantor/Pass-Through Grantor Program Title	AL Number	Contract Period	Revenue Recognized	Expenses/ Expenditures
Federal Assistance				
<u>Department of the Treasury</u>				
Coronavirus State & Local Recovery Funds	21.027	4/1/2022 12/31/2026	\$ 119,939	\$ 119,939
TOTAL DEPARTMENT OF THE TREASURY			<u>119,939</u>	<u>119,939</u>
<u>Department of Housing and Urban Development (HUD)</u>				
Community Development Block Grant (CDBG)	14.228	3/26/2020 3/25/2022	17,465	17,465
			<u>17,465</u>	<u>17,465</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 137,404</u>	<u>\$ 137,404</u>
State Assistance				
<u>Department of Agriculture Food & Forestry</u>				
Fire Grant	N/A	07/01/2022 06/30/2023	10,053	10,053
TOTAL DEPARTMENT OF AGRICULTRE FOOD & FORESTRY			<u>10,053</u>	<u>10,053</u>
TOTAL STATE ASSISTANCE			<u>\$ 10,053</u>	<u>\$ 10,053</u>
TOTAL FEDERAL AND STATE ASSISTANCE			<u>\$ 147,457</u>	<u>\$ 147,457</u>

ROBERT ST. PIERRE, C.P.A., 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

Honorable Mayor and Town Council
Town of Vian, Oklahoma
Vian, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Vian, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Vian, Oklahoma's basic financial statements, and have issued our report thereon dated **February 15, 2024**.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, that we consider to be a significant deficiency listed as 2023-1.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Vian, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Vian, Oklahoma's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of 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.

Very Truly Yours,

Robert St. Pierre

Robert St. Pierre, C.P.A., P.C.
Stilwell, Oklahoma
February 15, 2024

TOWN OF VIAN, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2023

2023-1: Lack of Segregation of Duties

Criteria: The segregation of duties and responsibilities between different individuals for custody of assets, recordkeeping 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.

Condition: Presently, the same individual has responsibility for all functions of the financial statement reporting. That individual has oversight responsibilities for billing and adjustments, posting of payments payment to subsidiary accounts receivable ledgers, and reconciling the monthly bank statements. In addition, only limited oversight is provided over this individual in the conduct of their daily functions. This condition was also reported in 2022.

Cause: The Town'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.

Effect or Potential Effect: Without sufficient segregation of duties, the risk significantly increases that errors and fraud related to the membership and other billing 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.

Responsible Official's Response: The Town concurs with the recommendation and will strive to implement procedures and compensating duties to help mitigate the risks associated with the lack of segregation of duties.

The inherent limitation resulting from a small number of employees performing functions that would normally be divided among several employees were a larger number available presents a proper segregation of accounting functions deficiency. A much larger staff would be necessary to ensure adequate internal accounting controls. This deficiency requires the Town Council to remain actively involved in the day-to-day activities of the Town.

Management's Response: Management's response to the lack of segregation of duties is to stay actively involved to help ensure that financial statements are free of material errors or fraud. Management also remains committed to staying actively involved in the financial matters of the organization and consulting with their auditors and their CPA consultant whenever needed.