

**TOWN OF CANUTE, OKLAHOMA and  
CANUTE PUBLIC WORKS AUTHORITY**

**INDEPENDENT ACCOUNTANT'S COMPILATION  
REPORT AND REPORT ON  
AGREED-UPON PROCEDURES**

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

BY





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**Independent Accountant's Compilation Report and**  
**Report on Applying Agreed-Upon Procedures**

To the Specified Users of the Report:

Town Council, Town of Canute  
Canute, Oklahoma

Trustees of the Canute Public Works Authority  
Canute, Oklahoma

Oklahoma Office of State Auditor and Inspector  
Oklahoma City, Oklahoma

Management is responsible for the accompanying financial statements and schedules of the Town of Canute and the related Canute Public Works Authority, Canute, Oklahoma, which are comprised of the Summary of Changes in Fund Balances - Cash Basis as of and for the year ended June 30, 2023, and the related Budgetary Comparison Schedule for the General Fund - Cash Basis, Budgetary Comparison Schedule for the Capital Improvement Fund - Cash Basis, Budgetary Comparison Schedule for the Fire Department Fund - Cash Basis, Statement of Revenues, Expenses and Changes in Fund Balance for the Canute Public Works Authority, Canute, Oklahoma - Cash Basis, and the Schedule of Debt Service Requirement for the Canute Public Works Authority - Cash Basis for the year ended June 30, 2023, and for determining that the cash basis of accounting is an acceptable financial reporting framework.

The financial statements and schedules have been prepared in a format and basis of accounting, as prescribed by Oklahoma statutes, that demonstrates compliance with the cash basis and budget laws of the State of Oklahoma, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

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

The accompanying statements were prepared for the purpose of complying with financial accountability requirements as prescribed by Oklahoma Statutes §11-17.105-.107 and §60-180.1-.3 and are not intended to be a complete presentation of the Town of Canute 's and Canute Public Works Authority's assets, liabilities, revenues, expenses, and changes in fund balances.

We have performed the procedures enumerated below, which were agreed to by the specified users of the report, as identified above, and as defined within the applicable state laws of the State of Oklahoma solely to assist the Town in meeting its financial accountability requirements as prescribed by Oklahoma Statutes §11-17.105-.107 and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2023. Management of the Town of Canute is responsible for the Town's financial accountability and its compliance with those legal and contractual requirements. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the fieldwork and reporting standards applicable to attestation engagements as contained in Government Auditing Standards of the Comptroller of the United States of America. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The Town of Canute has agreed to and acknowledges that the procedures performed are appropriate to meet the intended purpose of assisting users in evaluating the selected financial information and compliance requirements of the Town of Canute for the fiscal year ended June 30, 2023. This report may not be suitable for any other purpose. The procedures may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion on compliance, and an opinion or conclusion on the related financial statements and schedules. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

## **Procedures and Finding**

As to the **Town of Canute** as of and for the fiscal year ended June 30, 2023:

- 1. Procedures Performed:** From the Town's trial balances and other accounting records, we compiled a cash basis schedule of changes in fund balances for each fund and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

**Findings:** We found no instances of non-compliance as a result of applying the procedure.

- 2. Procedures Performed:** From the Town's trial balances and other accounting records, we prepared a cash basis budget and actual financial schedule for the General Fund and any other major funds and compared the actual expenditures reported to the authorized appropriations to report any noted instances of noncompliance with the appropriate limitations. A major fund is any fund whose revenues, expenditures or ending fund balance exceeds 10% of the Town's total revenues, expenditures or fund balances and exceeds 5% of the entity-wide total revenues, expenditures or fund balances.

**Findings:** We found the following instances of noncompliance with appropriate limitations as a result of applying the procedure:

The General Fund was also over budget in the following outflow categories:

- General Government - Operations & Maintenance,
- General Government - Capital Outlay,
- Highways - Operations & Maintenance,
- Park / Recreation - Operations & Maintenance,
- Transfers Out.

- 3. Procedures Performed:** We agreed the Town's material bank account balances to bank statements and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared on a timely basis.

**Findings:** We found no instances of significant or unusual reconciling items that did not clear on a timely basis as a result of applying the procedure.

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

**Findings:** We found no instances of uninsured and uncollateralized deposits as a result of applying the procedure.

- 5. Procedures Performed:** We compared the Town's use of material restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

**Findings:** We found no instances of noncompliance as a result of applying the procedure.

- 6. Procedures Performed:** We compared the accounting for the Town's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

**Findings:** We found no instances of noncompliance as a result of applying the procedure.

- 7. Procedures Performed:** We performed a search for Town debt agreements to identify any contractually required reserve balances and debt service coverage requirements of bond indentures for the purpose of determining contract compliance.

**Findings:** This procedure does not apply. We did not identify any such compliance requirements that were applicable to the Town during the fiscal year ending June 30, 2023.

As to the **Canute Public Works Authority**, as of and for the fiscal year ended June 30, 2023:

- 1. Procedures Performed:** From the Authority's trial balances and other accounting records, we prepared a schedule of revenues, expenses, and changes in fund balances - cash basis for the Authority and compared the schedule results to the applicable trust prohibition of creating fund balance deficits to report any noted instances of noncompliance.

**Findings:** We found no instances of noncompliance as a result of applying the procedure.

- 2. Procedures Performed:** We agreed the Authority's material bank account balances to bank statements and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared on a timely basis.

**Findings:** We found no instances of significant or unusual reconciling items that did not clear on a timely basis as a result of applying the procedure.

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

**Findings:** We found no instances of uninsured and uncollateralized deposits as a result of applying the procedure.

- 4. Procedures Performed:** We compared the Authority's use of material restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

**Findings:** We found no instances of noncompliance as a result of applying the procedure.

**5. Procedures Performed:** We compared the accounting for the Authority's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

**Findings:** We found no instances of noncompliance as a result of applying the procedure.

**6. Procedures Performed:** We performed a search for Authority debt agreements to identify any contractually required reserve balances and debt service coverage requirements of bond indentures for the purposes of determining contract compliance.

**Findings:** We found the following instance of noncompliance as a result of applying the procedure: The Authority was not in compliance with the debt service coverage requirements at June 30, 2023.

As to the **Town of Canute and Canute Public Works Authority**, as of and for the fiscal year ended June 30, 2023:

**1. Procedures Performed:** From the Town and Authority's trial balances and other accounting records, we compiled the Annual Survey of City and City Finances (SA&I 2643) as described in Oklahoma Statutes 11-17-105.1.

**Findings:** We found one instance of noncompliance. The SA&I 2643 was due to the Oklahoma State Auditor on December 31, 2023. The form is being filed late and will put the gasoline tax at risk.

We are required to be independent of the Town of Canute and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

*Furrh & Associates, PC*

FURRH & ASSOCIATES, PC

March 22, 2024

**Town of Canute, Oklahoma**  
**Summary of Changes in Fund Balance-Cash Basis**  
**For the Fiscal year Ended June 30, 2023**  
**(Unaudited)**

	<b><u>Beginning of Year Fund Balances</u></b>	<b><u>Current Year Receipts</u></b>	<b><u>Interfund Transfers</u></b>	<b><u>Current Year Disbursements</u></b>	<b><u>End of Year Fund Balances</u></b>
<b>Town:</b>					
General Fund	\$ 113,563	\$ 362,695	\$ (55,088)	\$ (269,988)	\$ 151,182
Capital Improvement Fund	342,392	5,305	45,104	(40,398)	352,403
Fire Department Fund	54,384	31,625	10,053	(8,652)	87,410
Street and Alley Fund	<u>39,887</u>	<u>4,884</u>	<u>0</u>	<u>(4,916)</u>	<u>39,855</u>
<b>Town Total</b>	550,226	404,509	69	(323,954)	630,850
<b>Authority:</b>					
Public Works Authority	675,268	539,192	(451)	(621,334)	592,675
Water Meter Fund	<u>13,519</u>	<u>0</u>	<u>382</u>	<u>0</u>	<u>13,901</u>
<b>Authority Total</b>	688,787	539,192	(69)	(621,334)	606,576
<b>Entity-wide Total</b>	<u><u>\$ 1,239,013</u></u>	<u><u>\$ 943,701</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (945,288)</u></u>	<u><u>\$ 1,237,426</u></u>

Please see accompanying Accountant's Report.

**Town of Canute, Oklahoma**  
**Budgetary Comparison Schedule-Cash Basis**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2023**  
**(Unaudited)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Beginning Budgetary Fund Balance:</b>	\$ 80,000	\$ 80,000	\$ 113,563	\$ 33,563
<b>Resources (Inflows):</b>				
Taxes	236,800	236,800	255,772	18,972
Grant Revenue	45,323	45,323	68,766	23,443
Franchise Fees	16,000	16,000	16,251	251
Rental Revenue	2,800	2,800	1,300	(1,500)
Business Licensing	360	360	270	(90)
Royalties	100	100	0	(100)
Miscellaneous Revenue	800	800	19,888	19,088
Investment Revenue	200	200	448	248
Transfers In	0	0	45,172	45,172
Total Inflows	302,383	302,383	407,867	105,484
<b>Amounts Available for Appropriation</b>	382,383	382,383	521,430	139,047
<b>Charges to Appropriations (Outflows):</b>				
<b>General Government:</b>				
Personal Services	122,160	122,160	91,126	(31,034)
Operations & Maintenance	110,000	110,000	116,772	6,772
Capital Outlay	0	0	3,820	3,820
<b>Highways:</b>				
Operations & Maintenance	18,000	18,000	21,321	3,321
<b>Fire:</b>				
Operations & Maintenance	22,000	22,000	19,588	(2,412)
<b>Inspection:</b>				
Operations & Maintenance	500	500	135	(365)
<b>Park / Recreation:</b>				
Operations & Maintenance	8,000	8,000	13,496	5,496
Capital Outlay	100,000	100,000	3,730	(96,270)
<b>Transfers Out</b>	0	0	100,260	100,260
<b>Total Charges to Appropriations</b>	380,660	380,660	370,248	(10,412)
<b>Ending Budgetary Fund Balance</b>	\$ 1,723	\$ 1,723	\$ 151,182	\$ 149,459

Please see accompanying Accountant's Report.



**Town of Canute, Oklahoma**  
**Budgetary Comparison Schedule-Cash Basis**  
**Capital Improvement Fund**  
**For the Fiscal Year Ended June 30, 2023**  
**(Unaudited)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Beginning Budgetary Fund Balance:</b>	\$ 50,000	\$ 50,000	\$ 342,392	\$ 292,392
<b>Resources (Inflows):</b>				
Investment Revenue	1,200	1,200	5,305	4,105
Transfers In	55,000	55,000	45,104	(9,896)
Total Inflows	56,200	56,200	50,409	(5,791)
<b>Amounts Available for Appropriation</b>	106,200	106,200	392,801	286,601
<b>Charges to Appropriations (Outflows):</b>				
<b>General Government:</b>				
Capital Outlay	20,000	20,000	32,415	12,415
<b>Highways:</b>				
Operations & Maintenance	40,000	40,000	0	(40,000)
Capital Outlay	15,000	15,000	0	(15,000)
<b>Park &amp;/ Recreation:</b>				
Capital Outlay	25,000	25,000	7,983	(17,017)
<b>Transfers Out</b>	0	0	0	0
<b>Total Charges to Appropriations</b>	100,000	100,000	40,398	(59,602)
<b>Ending Budgetary Fund Balance</b>	\$ 6,200	\$ 6,200	\$ 352,403	\$ 346,203

Please see accompanying Accountant's Report.

**Town of Canute, Oklahoma**  
**Budgetary Comparison Schedule-Cash Basis**  
**Fire Department Fund**  
**For the Fiscal Year Ended June 30, 2023**  
**(Unaudited)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>Beginning Budgetary Fund Balance:</b>	\$ 20,000	\$ 20,000	\$ 54,384	\$ 34,384
<b>Resources (Inflows):</b>				
Donations	10,000	10,000	27,754	17,754
Grant Revenue	4,500	4,500	0	(4,500)
Investment Revenue	50	50	271	221
Fire Revenue	0	0	3,600	3,600
Transfers In	0	0	10,053	10,053
Total Inflows	14,550	14,550	41,678	27,128
<b>Amounts Available for Appropriation</b>	34,550	34,550	96,062	61,512
<b>Charges to Appropriations (Outflows):</b>				
<b>Fire:</b>				
Operations & Maintenance	18,000	18,000	8,652	(9,348)
Capital Outlay	5,000	5,000	0	(5,000)
Transfers Out	0	0	0	0
<b>Total Charges to Appropriations</b>	23,000	23,000	8,652	(14,348)
<b>Ending Budgetary Fund Balance</b>	<u>\$ 11,550</u>	<u>\$ 11,550</u>	<u>\$ 87,410</u>	<u>\$ 75,860</u>

Please see accompanying Accountant's Report.

**Town of Canute, Oklahoma**  
**Statement of Revenue, Expenses and Changes in Fund Balance-Cash Basis**  
**Public Works Authority**  
**For the Fiscal Year Ended June 30, 2023**  
**(Unaudited)**

	<b>Total Canute Public Works Authority</b>
<b>Operating Revenues</b>	
Water Sales Raw	\$ 240,426
Water Revenue	96,986
Trash Revenue	91,842
Sales Tax	45,104
Sewer Revenue	44,684
Fines and Forfeitures	7,294
Miscellaneous Operating Revenue	1,392
Total Operating Revenues	<u>527,728</u>
<b>Operating Expenses</b>	
Personal Services	115,394
Operations & Maintenance	362,658
Capital Outlay	46,020
Total Operating Expenses	<u>524,072</u>
Operating Income / (Loss)	3,656
<b>Non-Operating Revenues / (Expenses)</b>	
Grant Revenue	8,675
Investment Revenue	2,789
Debt Service: Principal	(90,000)
Debt Service: Interest Expense	(7,262)
Total Non-Operating Revenues / (Expenses)	<u>(85,798)</u>
<b>Net Income / (Loss) before Transfers</b>	(82,142)
<b>Transfers In / (Out)</b>	
Transfers In	47,002
Transfers Out	(47,071)
Total Transfers In / (Out)	<u>(69)</u>
<b>Change in Fund Balance</b>	(82,211)
<b>Fund Balance - beginning</b>	<u>688,787</u>
<b>Fund Balance - ending</b>	<u><u>\$ 606,576</u></u>

Please see accompanying Accountant's Report.

**Town of Canute, Oklahoma**  
**Schedule of Debt Service Requirements – Cash Basis**  
**For the Year Ended June 30, 2023**

The Canute Public Works Authority determined to issue its Utility System and Sales Tax Revenue Note, Series 2014 dated December 18, 2014, and issued in the original principal amount of \$780,000 for the purpose of providing funds to pay off four prior notes payable from RUS for financing of water improvements and related costs.

<b>Debt service requirements to maturity</b>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
6/30/2024	\$ 90,000	\$ 4,113	\$ 94,113
6/30/2025	50,000	875	50,875
Total	<u>\$ 140,000</u>	<u>\$ 4,988</u>	<u>\$ 144,988</u>

Provisions for the Note Payable to Bank of Oklahoma which are pertinent to the financial statements are as follows:

- The note is secured by the fixed assets and service revenues of the Public Works Authority.
- The Authority will maintain, at all times, schedules of rates or charges for services rendered through the mortgage property sufficient to provide net revenues available for debt service in an amount not less than 100% of the annual principal and interest requirements on subordinated indebtedness and equal to at least 125% of the annual principal and interest required for debt service on all obligations.

The Authority was not in compliance with the debt coverage ratio on June 30, 2023.

See the following calculations:

Operating Revenues	
Water Sales Raw	\$ 240,426
Water Revenue	96,986
Trash Revenue	91,842
Sales Tax	45,104
Sewer Revenue	44,684
Fines and Forfeitures	7,294
Miscellaneous Operating Revenue	1,392
Total Operating Revenues	<u>\$ 527,728</u>

Please see accompanying Accountant's Report.

Operating Expenses	
Personal Services	\$ 115,394
Operations & Maintenance	362,658
Capital Outlay	<u>46,020</u>
Total Operating Expenses	<u>524,072</u>
Operating Income / (Loss)	3,656
Non-Operating Revenues / (Expenses)	
Grant Revenue	8,675
Investment Revenue	2,789
Debt Service: Principal	(90,000)
Debt Service: Interest Expense	<u>(7,262)</u>
Total Non-Operating Revenues / (Expenses)	<u>(85,798)</u>
Net Income / (Loss) before Transfers	(82,142)
Transfers In / (Out)	
Transfers In	47,002
Transfers Out	<u>(47,071)</u>
Total Transfers In / (Out)	<u>(69)</u>
Change in Fund Balance	(82,211)
PLUS:	
Principal Payment	90,000
Interest Expense	7,262
Garbage Service Expense	<u>90,512</u>
	187,774
LESS:	
Garbage Revenue	<u>(91,842)</u>
Net revenues available for debt service	<u>\$ 13,721</u>
Maximum Annual Debt Service Requirement	94,113
125% Requirement	<u>117,641</u>
<b>Revenues sufficient (not sufficient) for Debt Service Requirement</b>	<b><u>\$ (103,920)</u></b>

Please see accompanying Accountant's Report.