



**THE TOWN OF CHOUTEAU,
OKLAHOMA
ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORTS**

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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Board of Trustees

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Cecil Lane	Member
Angela Dannels	Member
Roger Couch	Member
Randy Grossman	Member
David Morgan	PWA Member at Large
Jimmy Trundle	PWA Member at Large

Management

Dawn Posey	Treasurer/Town Clerk (statutory)
Amber Rice	Town Office Clerk
Juanita Rabbit/Dana Corbett	Utility Office Clerk
James Turner	Chief of Police
Tammy Alsip	Municipal Court Clerk
Amber Williams	Fire Chief
David Powell	Utility Superintendent

Town Hall

P.O. Box 819
Chouteau, OK 74337-0819
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INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the Board of Trustees
Town of Chouteau, Oklahoma

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 Chouteau, Oklahoma ("Town"), as of and for the year ended June 30, 2024, 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, 2024, 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 1B.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 1B 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 1B, 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, 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 budgetary comparison information and combining financial statements 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 supplementary and 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 November 15, 2024, on our consideration of the Town of Chouteau, Oklahoma'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 of Chouteau, Oklahoma's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Elfrink and Associates, PLLC". The signature is written in a cursive, flowing style.

Elfrink and Associates, PLLC

Tulsa, Oklahoma

November 15, 2024

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BASIC FINANCIAL STATEMENTS

Statement of Net Position (Modified Cash Basis) – June 30, 2024

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 1,921,383	\$ 429,922	\$ 2,351,305
Investments	354,859	915,167	1,270,026
Total current assets	<u>2,276,242</u>	<u>1,345,089</u>	<u>3,621,331</u>
Non-current assets			
Restricted assets:			
Cash and cash equivalents	-	491,460	491,460
Capital assets, net of depreciation	2,858,353	3,112,729	5,971,082
Total non-current assets	<u>2,858,353</u>	<u>3,604,189</u>	<u>6,462,542</u>
Total assets	<u>5,134,595</u>	<u>4,949,278</u>	<u>10,083,873</u>
Deferred outflows			
Loss on debt refunding	<u>-</u>	<u>68,350</u>	<u>68,350</u>
Liabilities:			
Current liabilities:			
Leases payable, current portion	12,654	-	12,654
Note payable, current portion	-	197,343	197,343
Total current liabilities	<u>12,654</u>	<u>197,343</u>	<u>209,997</u>
Noncurrent liabilities			
Meter deposit liability	-	153,047	153,047
Leases payable, noncurrent	8,756	-	8,756
Note payable, noncurrent	-	2,290,369	2,290,369
Total noncurrent liabilities	<u>8,756</u>	<u>2,443,416</u>	<u>2,452,172</u>
Total liabilities	<u>21,410</u>	<u>2,640,759</u>	<u>2,662,169</u>
Deferred inflows			
Mayes county lease - fire truck	<u>201,289</u>	<u>-</u>	<u>201,289</u>
Net Position:			
Net investment in capital assets	2,836,943	625,017	3,461,960
Restricted for debt service	-	491,460	491,460
Restricted for legal constraints	138,401	-	138,401
Unrestricted	1,936,552	1,260,392	3,196,944
Total net position	<u>\$ 4,911,896</u>	<u>\$ 2,376,869</u>	<u>\$ 7,288,765</u>

See accompanying notes to the basic financial statements.

Statement of Activities (Modified Cash Basis) – Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Capital Grants	Operating Grants	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 231,469	\$ 26,192	\$ -	\$ 63,618	\$ (141,659)	\$ -	\$ (141,659)
Public safety	1,123,235	118,570	124,814	-	(879,851)	-	(879,851)
Streets	110,061	-	-	-	(110,061)	-	(110,061)
Legal	12,930	-	-	-	(12,930)	-	(12,930)
Library	64,467	2,336	-	-	(62,131)	-	(62,131)
Parks and recreation	6,219	-	-	-	(6,219)	-	(6,219)
Cemetery	6,787	18,600	-	-	11,813	-	11,813
Inspections	11,841	-	-	-	(11,841)	-	(11,841)
Total governmental activities	1,567,009	165,698	124,814	63,618	(1,212,879)	-	(1,212,879)
Business-type activities	2,376,198	1,851,957	-	-	-	(524,241)	(524,241)
Total primary government	\$ 3,943,207	\$ 2,017,655	\$ 124,814	\$ 63,618	\$ (1,212,879)	\$ (524,241)	\$ (1,737,120)
General revenues:							
Taxes:							
Sales and use					1,896,669	-	1,896,669
Franchise and motel					65,706	-	65,706
Intergovernmental					113,531	-	113,531
Miscellaneous					38,203	-	38,203
Transfers - cash					(593,417)	593,417	-
Gain (Loss) on disposal of assets					(4,543)	-	(4,543)
Investment income					31,170	32,041	63,211
Total general revenues					1,547,319	625,458	2,172,777
Change in net position					334,440	101,217	435,657
Net position - beginning					4,577,456	2,275,652	6,853,108
Net position - ending					\$ 4,911,896	\$ 2,376,869	\$ 7,288,765

See accompanying notes to the basic financial statements.

Governmental Funds Balance Sheet (Modified Cash Basis) – June 30, 2024

	General Fund	Court Fund	ARPA Fund	Street and Alley Fund	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 1,448,840	\$ 8,001	\$ 124,164	\$ 114,569	\$ 225,809	\$ 1,921,383
Investments	334,644	-	-	-	20,215	354,859
Total assets	<u>\$ 1,783,484</u>	<u>\$ 8,001</u>	<u>\$ 124,164</u>	<u>\$ 114,569</u>	<u>\$ 246,024</u>	<u>\$ 2,276,242</u>
Fund Balances:						
Restricted						
Street and alley purpose	\$ -	\$ -	\$ -	\$ 114,569	\$ -	\$ 114,569
Cemetery purpose	-	-	-	-	23,832	23,832
Unrestricted:						
Assigned - budgetary	-	8,001	-	-	-	8,001
Assigned - special purpose	-	-	124,164	-	222,192	346,356
Unassigned	1,783,484	-	-	-	-	1,783,484
Total fund balances	<u>\$ 1,783,484</u>	<u>\$ 8,001</u>	<u>\$ 124,164</u>	<u>\$ 114,569</u>	<u>\$ 246,024</u>	<u>\$ 2,276,242</u>

See accompanying notes to the basic financial statements.

TOWN OF CHOUTEAU, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) – Year Ended June 30, 2024

	General Fund	Court Fund	ARPA	Street and Alley Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Sales/use tax	\$ 1,896,669	\$ -	\$ -	\$ -	\$ -	\$ 1,896,669
Franchise tax	5,172	-	-	50,638	-	55,810
Motel tax	990	-	-	-	8,906	9,896
Gasoline tax	-	-	-	3,721	-	3,721
Motor vehicle tax	-	-	-	15,466	-	15,466
Cigarette tax	9,335	-	-	-	-	9,335
Alcoholic beverage tax	28,082	-	-	-	-	28,082
Rents	11,395	-	-	-	-	11,395
Insurance and other reimbursements	8,281	-	-	6,128	11,046	25,455
Licenses and permits	14,797	-	-	-	-	14,797
Fire service	1,150	-	-	-	10,821	11,971
Fines and forfeitures	-	104,079	-	-	2,520	106,599
Cemetery sales	-	-	-	-	18,600	18,600
Donations/Grants	59,998	-	-	-	128,434	188,432
Library	2,336	-	-	-	-	2,336
Other	2,968	-	-	-	32,598	35,566
Interest	27,676	57	1,077	671	1,689	31,170
Total Revenues	2,068,849	104,136	1,077	76,624	214,614	2,465,300
Expenditures:						
General government	225,474	-	-	-	-	225,474
Public safety	965,742	8,189	-	-	183,129	1,157,060
Streets	-	-	-	76,389	-	76,389
Legal	12,930	-	-	-	-	12,930
Library	67,089	-	-	-	-	67,089
Parks and recreation	2,911	-	-	-	-	2,911
Cemetery	-	-	-	-	5,108	5,108
Inspections	11,841	-	-	-	-	11,841
Total expenditures	1,285,987	8,189	-	76,389	188,237	1,558,802
Excess (deficiency) of revenues over expenditures	782,862	95,947	1,077	235	26,377	906,498
Other financing sources (uses):						
Transfer from other funds	85,042	-	14,900	-	17,880	117,822
Transfer to other funds	(358,781)	(97,902)	(234,636)	-	(19,920)	(711,239)
Net other financing sources (uses)	(273,739)	(97,902)	(219,736)	-	(2,040)	(593,417)
Net change in fund balance	509,123	(1,955)	(218,659)	235	24,337	313,081
Fund balance - beginning	1,274,361	9,956	342,823	114,334	221,687	1,963,161
Fund balance - ending	\$ 1,783,484	\$ 8,001	\$ 124,164	\$ 114,569	\$ 246,024	\$ 2,276,242

See accompanying notes to the basic financial statements.

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund balances of governmental funds	\$ 2,276,242
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities of \$4,650,200 net of accumulated depreciation of \$1,791,847 are not financial resources and, therefore, are not reported in the funds.	2,858,353
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the fund financial statements.	(21,410)
A lease for a pumper truck was issued on behalf of the City by Mayes County. The remaining lease amount is shown as a deferred inflow.	(201,289)
Net position of governmental activities	<u>\$ 4,911,896</u>
 Net changes in fund balances - total governmental funds	 \$ 313,081
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchased with cash	168,075
Book value of disposed assets	(27,361)
Depreciation expense	<u>(181,038)</u>
	<u>(40,324)</u>
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Tanker lease principal payments made by Mayes County	49,845
Principal payments on long term debt	<u>11,838</u>
	<u>61,683</u>
Change in net position of governmental activities	<u>\$ 334,440</u>

See accompanying notes to the basic financial statements.

Proprietary Fund Statement of Net Position (Modified Cash Basis) – June 30, 2024

	<u>Chouteau Public Works Authority</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 429,922
Investments	915,167
Total current assets	<u>1,345,089</u>
Noncurrent assets:	
Restricted cash and cash equivalents	491,460
Net investment in capital assets	3,112,729
Total noncurrent assets	<u>3,604,189</u>
Total assets	<u>4,949,278</u>
Deferred Outflows	
Loss on debt refunding	<u>68,350</u>
Liabilities	
Current liabilities:	
Note payable - current portion	197,343
Total current liabilities	<u>197,343</u>
Noncurrent Liabilities:	
Meter deposit liability	153,047
Note payable - noncurrent portion	2,290,369
Total noncurrent liabilities	<u>2,443,416</u>
Total liabilities	<u>2,640,759</u>
Net Position	
Net investment in capital assets	625,017
Restricted for debt service	491,460
Unrestricted	1,260,392
Total net position	<u>\$ 2,376,869</u>

See accompanying notes to the basic financial statements.

Proprietary Fund Statement of Revenues, Expenses and Change in Net position (Modified Cash Basis) – Year Ended June 30, 2024

	<u>Chouteau Public Works Authority</u>
Operating revenues:	
Charges for sales and services:	
Natural gas	\$ 615,375
Water	563,588
Sewer	313,371
Sanitation	232,332
Other	127,291
Total operating revenues	<u>1,851,957</u>
Operating expenses:	
Personal services	612,899
Natural gas and transportation	299,738
Water purchases	421,152
Sanitation contractor	208,650
Professional fees	104,075
Insurance	58,747
Repairs and maintenance	304,844
License, permits and dues	10,015
Training	3,428
Office	19,457
Other expense	25,969
Utilities and telephone	53,769
Depreciation	187,008
Total operating expenses	<u>2,309,751</u>
Operating loss	<u>(457,794)</u>
Nonoperating revenue (expense):	
Transfer from Town	593,417
Interest and fees expense	(60,979)
Amortization of loss on debt refunding	(5,468)
Investment income	32,041
Total nonoperating revenue (expense)	<u>559,011</u>
Change in net position	101,217
Net position - beginning	<u>2,275,652</u>
Net position - ending	<u>\$ 2,376,869</u>

See accompanying notes to the basic financial statements.

Proprietary Fund Statement of Cash Flows (Modified Cash Basis) – Year Ended June 30, 2024

	<u>Chouteau Public Works Authority</u>
Cash flows from operating activities:	
Receipts from customers	\$ 1,878,852
Payments to suppliers	(1,509,844)
Payments for personal services	(612,899)
Net cash provided by operating activities	<u>(243,891)</u>
Cash flows from noncapital financing activities:	
Transfers from other funds	593,417
Net cash flows from noncapital financing activities	<u>593,417</u>
Cash flows from capital and related financing activities:	
Loan Proceeds	112,192
Purchases of capital assets	(161,030)
Principal paid on capital debt	(180,480)
Interest and fees paid on capital debt	(60,979)
Net cash used in capital and related financing activities	<u>(290,297)</u>
Cash flows from investing activities	
Investment and dividends	32,041
Purchase of investments	(26,969)
Net cash provided by investing activities	<u>5,072</u>
Net increase in cash and cash equivalents	64,301
Cash and equivalents - beginning of year	857,081
Cash and equivalents - end of year	<u><u>\$ 921,382</u></u>
Reconciliation to statement of net position	
Cash and cash equivalents	429,922
Restricted cash and cash equivalents	491,460
Total cash and cash equivalents	<u><u>921,382</u></u>
Reconciliation of operating income to net cash provided:	
Operating loss	(457,794)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase (decrease) in meter deposit liability	26,895
Depreciation expense	187,008
Net cash provided by operating activities	<u><u>\$ (243,891)</u></u>

See accompanying notes to the basic financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

As discussed further in Note 1.C, these financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and constraints of the measurement and recognition criteria of the modified cash basis of accounting.

A. Financial Reporting Entity

The Town's financial reporting entity comprises the following:

Primary Government: Town of Chouteau
Blended Component Unit: Chouteau Public Works Authority

Primary Government

The Town of Chouteau's primary government is a general-purpose local government formed as a statutory town form of municipal government under the laws of the State of Oklahoma. The governing body is a five-member Board of Trustees, with the mayor serving as the head of the town government for all ceremonial purposes and has other powers, duties, and functions as prescribed by law or ordinance and is elected by the Board of Trustees. The Town operates the general government activities of the community, including police and fire protection, street and road maintenance, municipal cemetery operation, parks and other culture and recreation, and various administrative functions.

Blended Component Unit

A *blended component unit* is a separate legal entity for which the elected officials of the primary government are financially accountable and that meets the blended component unit criteria. A blended component unit meets at least one of the following criteria: (a) the blended component unit's governing body is the same or substantially the same as the Town's Board of Trustees, and there is a financial benefit or burden relationship with the Town, or Town management has operational responsibility for the component unit; (b) the component unit provides services entirely or almost entirely to the Town; or (c) the component unit's debt is expected to be repaid entirely or almost entirely with resources of the Town. The blended component unit's funds are blended into those of the Town by appropriate fund type to constitute the primary government presentation. The Town's blended component unit is presented subsequently:

<i>Component Unit</i>	<i>Brief Description/Inclusion Criteria</i>	<i>Fund Included In</i>
Chouteau Public Works Authority (CPWA)	A trust that operates the natural gas, water, sewer, and sanitation services for the Town. The Town is the beneficiary of the CPWA. The current Town Board of Trustees also serves as the governing body for the CPWA. Debt issued by the Authority requires two-thirds approval of the Town's Board of Trustees.	CPWA Enterprise Fund

The component unit is a Public Trust established pursuant to Title 60 of Oklahoma State law. A Public Trust (Trust) has no taxing power. The Trust is generally created to finance Town services through issuance of revenue bonds or other non-general obligation debt and to enable the Town's Board of Trustees to delegate certain functions to the governing body (Trustees) of the Trust. The Trust generally retains title to assets which are acquired or constructed with the Trust debt or other Trust generated resources. In addition, the Town has leased certain existing assets at the creation of the Trust to the Trustees on a long-term basis. The Town, as beneficiary of the Public Trust, receives title to any residual assets when a Public Trust is dissolved.

On April 14, 2014 the Town created the following entity which reports its activity in a separate financial report that may be found at www.sai.ok.gov, the Oklahoma State Auditor and Inspector's website:

- **The Chouteau Educational Facilities Authority** – a trust created to furnish the Town with services and facilities, promote local industrial development, and provide cultural and educational facilities. The Town of Chouteau is the beneficiary of CEFA. The Authority is managed by a Board of Trustees made up of the members of the Town Board of Trustees.

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole within the limitations of the modified cash basis of accounting. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed, in whole or in part, by fees charged to external parties for goods and services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position or fund balance, revenues, and expenditures or expenses. The Town's funds are organized into two main categories: governmental and proprietary. The Town presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a) Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures or expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of the category or type.
- b) Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures or expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described subsequently:

Governmental Funds

General Fund

The general fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all financial resources not accounted for and reported in another fund.

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of the specific revenue sources that are either restricted or committed to expenditures for specific purposes other than debt service or capital projects. The following special revenue funds, are reported as major funds:

<i>Fund</i>	<i>Brief Description</i>
Court Fund	Funded by collections from municipal court fines and forfeitures, constrained to a separate fund by action of the Town's Board of Trustees ("the Board"), a portion of which is restricted to the payment of fees collected on behalf of other governments, and the residual is transferred to the general and police training funds.
ARPA	Funded by the U.S. Government to be used for improvement projects and help support reduced revenue related to the COVID-19 Virus
Street and Alley Fund	Funded from various sources to include motor vehicle tax and State shared motor fuel tax restricted by State law as well as franchise and other grant funds constrained by action of the board for the purpose of construction, maintenance, and/or repair of streets and alleys.

The following special revenue funds are reported as non-major funds:

<i>Fund</i>	<i>Brief Description</i>
Special Fire Fund	Accounts for donations, grants, and certain fire service fees that are restricted for fire service.
Police Training	Funded by transfers from the Court Fund and committed by the Board to funding the training of police officers and/or purchase of equipment for the police department.
CDBG	Accounts for revenues and expenditures of State Department of Commerce Grants restricted for a specified purpose by the grant agreement
Cemetery	Funded by 87.5% of revenue from lot sales and interments, constrained to a separate fund by action of the Board, committed to maintenance and provision of services for the cemetery
Cemetery Care	Accounts for 12.5% of all cemetery revenues that are legally restricted by State law for cemetery use.

Proprietary Funds

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise fund that is reported as a major fund:

<i>Fund</i>	<i>Brief Description</i>
CPWA Fund	Accounts for the activities of the CPWA public trust, a blended component unit, in providing natural gas, water, wastewater, and sanitation services to the public.

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

- a) All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b) The proprietary fund utilizes an economic resources measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

Basis of Accounting

The financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statement of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) are not recorded in these financial statements. In addition, other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the Town utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented in accordance with the accrual basis of accounting.

D. Financial Position

Cash and Cash Equivalents

For the purpose of financial reporting, cash and cash equivalents include all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of six months or less. Trust account investments in open-ended mutual fund shares are also considered cash equivalents.

Investments

Investments classified in the financial statements consist entirely of certificates of deposit acquired with cash whose original maturity term exceeds six months. Investments are carried at cost, which approximates fair value.

Due from Other Funds or Governments

Receivables and payables to other funds or governments arising from cash transactions or events are recorded in the financial statements as a modification to the cash basis of accounting.

Capital Assets

The City's modified cash basis of accounting reports capital assets resulting from cash transactions or events and reports depreciation, when appropriate. The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund and similar discretely presented component unit operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, capital assets arising from cash transactions or events are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to July 1, 2001. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. Infrastructure assets acquired since July 1, 2001 are recorded at cost.

Depreciation of all exhaustible capital assets arising from cash transactions or events is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$1,000 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

• Buildings	5-60 years
• Improvements, other than buildings	2-50 years
• Machinery, furniture and equipment	3-40 years
• Utility property and improvements	5-50 years
• Infrastructure	2-50 years

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions or events acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

Long-term Debt

All long-term bonds, notes, and other debt arising from cash transactions or events to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements.

Long-term debt arising from cash transactions or events of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources, and payment of principal and interest is reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

Net Position/Fund Balance Classifications

Government-wide Statements

Net position is classified and displayed in three components:

1. *Net investment in capital assets* – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. *Restricted* – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
3. *Unrestricted* – Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the Town's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Fund Financial Statements

Governmental Funds

The difference among assets, deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. These constraints are defined as follows:

- **Nonspendable** – Amounts that cannot be spent because they either are not in spendable form or are legally or contractually required to be maintained intact.
- **Restricted** – Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.
- **Committed** – Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the Town's highest level of decision-making authority (In the Town of Chouteau's case, commitments are evidenced by adoption of an ordinance by the Town's Board of Trustees.)
- **Assigned** – Amounts constrained by the Town's intent to be used for specific purposes but that are neither restricted nor committed. (In the case of the Town of Chouteau, assignments are evidenced by resolution of the Board of Trustees)
- **Unassigned** – The residual classification of the General Fund for spendable amounts that have not been restricted, committed, or assigned to specific purposes.

It is the Town's policy to first use restricted fund balances prior to the use of unrestricted fund balances when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. It is also the Town's policy to use committed fund balance before assigned fund balances and assigned fund balances before unassigned amounts when an expenditure is incurred for purposes for which amounts in those classification are available to be used.

The Town has no formal minimum fund balance policies or any formal stabilization arrangements in place.

Proprietary Funds

The difference among assets, deferred outflows of resources, liabilities, and deferred inflows of resources of proprietary funds is reported as net position and classified in the same manner as the government-wide financial statements, as previously described.

E. Revenues, Expenditures, and Expenses

Program revenues

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or from parties outside the Town's taxpayers are reported as program revenues. The Town has the following program revenues in each activity:

- General government – licenses and permits
- Public Safety – fine revenue, operating and capital grants include State Department of Agriculture and US Department of Justice
- Cemetery – grave openings/closing fees and lot sales
- Culture and recreation – rental income, library fines, and specific donations,

All other governmental revenues are reported as general revenues. All taxes are classified as general revenue even if restricted for a specific purpose.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

Interfund activity resulting from cash transactions or events, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

- a) *Interfund loans* – Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
- b) *Interfund services* – Sales or purchases of goods and services between funds are reported as revenues and expenditures or expenses.
- c) *Interfund reimbursements* – Repayments from funds responsible for certain expenditures or expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures or expenses in the respective funds.

- d) *Interfund transfers* – Flow of assets from one fund to another when repayment is not expected and reported as transfers in and out.

Government-wide Financial Statements

Interfund activity and balances resulting from cash transactions or events, if any, are eliminated or reclassified in the government-wide financial statements as follows:

- a) *Internal balances* – amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the “Governmental” and “Business-Type Activities” columns of the State of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
- b) *Internal activities* – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities, except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers-Internal Activities. The effects of interfund services between funds, if any are not eliminated in the Statement of Activities.

G. Use of Estimates

The preparation of financial statements in accordance with the modified cash basis of accounting used by the Town requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

2. Stewardship, Compliance and Accountability

By its nature as a local government unit, the Town and its component units are subject to various federal, state, and local laws and contractual regulations.

3. Detail Notes – Transaction Classes and Accounts

A. Cash and Investments

For the year ended June 30, 2024, the Town recognized \$63,211 of investment income. At June 30, 2024, the primary government held the following deposits and investments:

<u>Type</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Carrying Value</u>
Demand deposits	\$ 1,921,383	\$ 921,382	\$ 2,842,765
Time deposits - certificates of deposit	354,859	915,167	1,270,026
Total deposits	<u>\$ 2,276,242</u>	<u>\$ 1,836,549</u>	<u>\$ 4,112,791</u>

Reconciliation to the statement of net position:

Cash and cash equivalents	\$ 1,921,383	\$ 429,922	\$ 2,351,305
Investments	354,859	915,167	1,270,026
Restricted cash and cash equivalents	-	491,460	491,460
Total	<u>\$ 2,276,242</u>	<u>\$ 1,836,549</u>	<u>\$ 4,112,791</u>

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the government deposits may not be returned to it. The Town is governed by the State Public Deposit Act which requires that the Town obtain and hold collateral whose fair value exceeds the amount of uninsured deposits. Investment securities are exposed to custody credit risk if the securities are uninsured, are not registered

in the name of the government, and if held by a counterparty or a counterparty's trust, department or agent, but not in the government's name.

The Town's policy requires that all deposits and investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits or investments. As of June 30, 2024 all of the Town's deposits and investments were either covered by federal deposit insurance or were fully collateralized.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Board of Trustees monitors the investment performance on an ongoing basis to limit the Town's interest rate risk. As of June 30, 2024, the Town's deposits consisted of demand deposits, certificates of deposit, and investments in a money market fund targeting short term US Treasuries. All of the Town's investments had a maturity date of 12 months or less.

Investment Credit Risk – The Town follows the Oklahoma state statutes that generally authorize investments in: (1) full faith and credit, direct obligations of the U. S. Government, its agencies and instrumentalities, and the State of Oklahoma and certain mortgage insured federal debt; (2) certificates of deposit or savings accounts that are either insured or secured with acceptable collateral; (3) negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations; (4) county, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district; and government money market funds regulated by the SEC. These investment limitations do not apply to the Town's public trusts. As of June 30, 2024, the Town did not hold any securities with credit ratings.

Concentration of Investment Credit Risk – Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the Town (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The Town has no policy regarding concentration of credit risk. At June 30, 2024, the Town had no concentration of credit risk as defined above.

Restricted Cash and Investments – The amounts reported as restricted assets on the statement of net position are comprised of amounts restricted for debt service.

B. Restricted Assets

The amounts reported as restricted assets comprise the amount of mutual funds held in promissory note trust accounts and a dedicated bank account in the amount of \$491,460 on behalf of the CPWA.

C. Capital Assets

Capital asset activity resulting from modified cash basis transactions or events for the fiscal year ended June 30, 2024, was as follows:

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	<u>Balance at June 30, 2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2024</u>
Governmental:				
Capital assets not being depreciated:				
Land	116,950	-	-	116,950
	<u>116,950</u>	<u>-</u>	<u>-</u>	<u>116,950</u>
Capital assets being depreciated:				
Buildings	1,298,991	-	-	1,298,991
Infrastructure	775,323	-	-	775,323
Equipment	2,327,016	168,075	36,155	2,458,936
Total capital assets being depreciated	<u>4,401,330</u>	<u>168,075</u>	<u>36,155</u>	<u>4,533,250</u>
Less accumulated depreciation:				
Buildings	435,609	24,236	-	459,845
Infrastructure	127,553	27,719	-	155,272
Equipment	1,056,441	129,083	8,794	1,176,730
Total accumulated depreciation	<u>1,619,603</u>	<u>181,038</u>	<u>8,794</u>	<u>1,791,847</u>
Governmental, net capital assets	<u>\$ 2,898,677</u>	<u>\$ (12,963)</u>	<u>\$ 27,361</u>	<u>\$ 2,858,353</u>
Business-type				
Capital assets not being depreciated:				
Land	\$ 27,500	\$ -	\$ -	\$ 27,500
Capital assets being depreciated:				
Buildings	121,654	-	-	121,654
Infrastructure	7,720,410	-	-	7,720,410
Equipment	658,632	161,030	-	819,662
Total capital assets being depreciated	<u>8,500,696</u>	<u>161,030</u>	<u>-</u>	<u>8,661,726</u>
Less accumulated depreciation				
Buildings	113,743	851	-	114,594
Infrastructure	4,857,743	145,227	-	5,002,970
Equipment	418,003	40,930	-	458,933
Total accumulated depreciation	<u>5,389,489</u>	<u>187,008</u>	<u>-</u>	<u>5,576,497</u>
Business-type, net capital assets	<u>\$ 3,138,707</u>	<u>\$ (25,978)</u>	<u>\$ -</u>	<u>\$ 3,112,729</u>

Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset. Depreciation expense has been allocated as follows:

Governmental activities:

General government	10,269
Public safety	124,760
Streets and alleys	33,672
Library	7,351
Parks and recreation	3,308
Cemetery	1,678
Total depreciation	<u>181,038</u>

Business-type activities:

Gas	3,310
Sewer	149,415
Water	6,740
General utility	27,543
Total depreciation	<u>187,008</u>

D. Deferred Inflow – Mayes County Fire Truck Lease

On February 12, 2018, Mayes County, Oklahoma issued a lease in the amount of \$488,031 to RCB Bank, bearing interest at the rate of 3.1%, on behalf of the Town of Chouteau to purchase a pumper truck for the fire department. The Town made a down payment of \$100,000 on the truck and the title is in the name of the Town of Chouteau. The lease is being amortized through 120 monthly payments from a special sales tax levied and controlled by Mayes County. Principal payments were made during the year of \$49,845 leaving a balance owed at June 30, 2024 of \$201,289 which is shown as a deferred inflow for governmental activities.

E. Debt Service and Coverage Requirements

For the year ended June 30, 2024, the Town's long-term debt changed as follows:

	Balance 2023	Additions	Deductions	Balance 2024	Amount Due Within One Year
Business-type:					
OWRB refunding SRF loan	\$ 2,556,000	\$ -	\$ 164,000	\$ 2,392,000	\$ 168,000
Carson Comm. Bank equipment loan	\$ -	\$ 112,192	\$ 16,480	\$ 95,712	\$ 29,343
Total business-type	<u>\$ 2,556,000</u>	<u>\$ 112,192</u>	<u>\$ 180,480</u>	<u>\$ 2,487,712</u>	<u>\$ 197,343</u>
Governmental Activities:					
RCB Bank vehicle capitalized leases	\$ 33,248	\$ -	\$ 11,838	\$ 21,410	\$ 12,654
Total governmental activities	<u>\$ 33,248</u>	<u>\$ -</u>	<u>\$ 11,838</u>	<u>\$ 21,410</u>	<u>\$ 12,654</u>

At June 30, 2024 the Town had the following debt outstanding, arising from cash transactions, to be repaid from governmental activities:

Note payable to First Bank, dated March 10, 2023, in the amount of \$37,112 with an interest rate of 7.00%, secured by a police vehicle. The remaining amount is scheduled to be paid in monthly installments of \$1,146 with a final payment due March 10, 2026	<u>\$ 21,410</u>
Total to be repaid from governmental activities	<u>\$ 21,410</u>

At June 30, 2024 the Town had the following debt outstanding, arising from cash transactions, to be repaid from business-type activities:

OWRB Refunding Loan Series 2013 payable to the Oklahoma Water Resources Board as part of the Clean Water State Revolving Fund loan program (CWSRF), dated March 15, 2013, in the amount of \$3,513,000, due in semi-annual installments with a final Installment due September 15, 2036 in the amount of \$110,000. The note is secured by water, sewer, sanitation, and gas revenues, the proceeds of a one cent sales tax, and a mortgage on the water and sewer systems and is subordinate to the revenue bonds.	<u>\$2,392,000</u>
Note payable to Carson Community Bank, dated December 11, 2023, in the amount of \$112,192 with an interest rate of 4.75%, secured by equipment. The remaining balance is scheduled to be paid in monthly installments of \$2,771 with the final payment due August 2027.	<u>\$ 95,712</u>
Total to be repaid from business-type activities	<u>\$2,487,712</u>

Payment Requirements to Maturity:

Year ended June 30,	Business-type activities		Governmental Activities	
	Principal	Interest	Principal	Interest
2025	\$ 197,343	\$ 58,018	\$ 12,654	\$ 1,098
2026	201,768	52,704	8,756	231
2027	206,261	47,264	-	-
2028	182,340	9,345	-	-
2029	184,000	8,389	-	-
2030 to 2034	981,000	27,488	-	-
2035 to 2037	535,000	4,116		
Total	<u>\$ 2,487,712</u>	<u>\$ 207,324</u>	<u>\$ 21,410</u>	<u>\$ 1,329</u>

Debt Service Coverage

The OWRB refunding loan requires the Authority to maintain a schedule of charges, fees, and rates sufficient to produce annual net revenues not less than 125% of the actual principal and interest requirements on the bonds after payment of all operating and maintenance expenses. The appropriation of sales tax by the Town of Chouteau to the Authority is included for the purpose of calculating net revenue.

Ratio of net revenue to debt service:

Operating revenue	\$ 1,851,957
Sales tax appropriations	593,417
Operating expenses	(2,309,751)
Depreciation	187,008
Investment income	32,041
Revenue available for debt service	<u>\$ 354,672</u>
Annual debt service	<u>\$ 255,361</u>
Coverage ratio	1.39 to 1

4. Other Notes

A. Risk Management

The Town and its public trust are exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. These risks are managed by securing commercial insurance for all risks except workers' compensation. Management believes such insurance coverage is sufficient to preclude any significant uninsured losses. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years. The deductibles for each line of coverage are as follows:

General liability, including property	\$0 - \$5,000 per occurrence
Automobile liability	\$0

The Town participated in the Oklahoma Municipal Assurance Group's (OMAG) Workmen's Compensation Plan.

The OMAG Workers' Compensation Plan (the Plan) became effective October 1, 1984. The purpose of the Plan is to provide workers' compensation coverage through the State Insurance Fund to participating

municipalities in the State of Oklahoma. In that capacity, the Plan is responsible for providing loss control services and certain fiscal activities including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to it during the plan year. A plan year normally begins at 12:01 am on July 1, in any year and ends at Midnight June 30, of the following calendar year. The Plan, or its designated agent, has a right to audit at all reasonable times such books and records of the participant as necessary to determine the monies owed for benefits provided to the municipality or its employees.

The Town has entered into an agreement with the Plan to participate in the coverages and services that the Plan offers. The Town has the responsibility to pay fees set by the Plan and to pay those fees from funds appropriated for that purpose according to the established payment schedule. In addition, the Town is responsible for complying with all requirements of the Oklahoma Workers Compensation Act. The Town has a right to the return of any Loss Funds set aside for claims which have not been paid out in benefits.

The Town maintains Loss Fund balances with OMAG in respect to the Town's worker's compensation retention. CompSource Oklahoma provides coverage in excess of the Town's retention levels so each participant's liability for claim losses is limited to these retention levels. Failure of CompSource Oklahoma to honor its obligations could result in losses to the Plan. However, OMAG's evaluation of the financial condition of CompSource Oklahoma indicates that CompSource Oklahoma is presently financially sound and will be able to meet its contractual obligations.

B. Employee Retirement Plan Participation

Oklahoma Firefighter's Pension and Retirement System

The Town participates in a statewide, cost-sharing, multiple-employer benefit plan on behalf of firefighters. The system is administered by an agency of the State of Oklahoma and funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. For 2024, the Town's annual required contribution was \$17,696 for the OFPRS plan which was equal to the Town's actual contribution. The following is a summary of eligibility factors, contribution methods, and benefit provisions.

Eligibility to participate	All full-time or voluntary firefighters of a participating municipality hired before age 45
Authority establishing contribution obligations and benefit provisions	State Statute
Plan members' contribution rate	9% of covered payroll
Town's contribution rate	14% of covered payroll/\$60 per volunteer
Period required to vest	10 years
Benefits and eligibility for distribution (full time employee)	20 years credited service, 2 ½% of final average salary multiplied by the years of credited service with a maximum of 30 years considered. If vested, at or after age 50, or after 10 but before 20 years of credited service with reduced benefits
Benefits and eligibility for distribution (volunteer)	20 years credited service equal to \$5.46 per month per year of service with a maximum of 30 years considered

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Deferred retirement option	Yes, 20 years credited service with continued service for 30 or more years
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Provisions for:

Cost of living adjustments (normal retirement)	Yes, if vested by May, 1983
Death (duty, non-duty, post retirement)	Yes
Disability	Yes
Cost of living allowances	Yes

The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

OFPRS
4545 N. Lincoln Blvd., Suite 265
Oklahoma City, OK 73105-3414

Oklahoma Police Pension and Retirement System

The Town participates in a statewide, cost-sharing, multiple-employer benefit plan on behalf of full-time police officers. The system is administered by an agency of the State of Oklahoma and funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. For 2024, the Town's annual required contribution was \$31,946 for the OPPRS plan which was equal to the Town's actual contribution. The following is a summary of eligibility factors, contribution methods, and benefit provisions.

Eligibility to participate	All full-time police officers of a participating municipality
Authority establishing contribution obligations and benefit provisions	State Statute
Plan members' contribution rate	8% of annual covered pay
Town's contribution rate	13% of annual covered pay
Period required to vest	10 years
Benefits and eligibility for distribution (volunteer)	2.5% of final annual salary multiplied by year of service with a maximum of 20 years considered
Deferred retirement option	Yes, after 10 years of credited service
Provisions for:	
Cost of living adjustments (normal retirement)	Yes
Death (duty, non-duty, post retirement)	Yes
Disability	Yes
Cost of living allowances	Yes

The OPPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

OPPRS
1001 NW 63rd Street, Suite 305
Oklahoma City, OK 73116-7335

Oklahoma Municipal Retirement Fund

The Town participates in a Defined Contribution Program through the Oklahoma Municipal Retirement Fund (OMRF) for active employees. The Program provides a savings vehicle for individual employees where funds are credited to participant accounts and then pooled for investment through OMRF. All gains and/or losses are credited directly to each participant. Upon retirement, termination, disability or death, the vested portion of the participant's account is paid to the participant or beneficiary. The benefit payable is based on the accumulation of employee and employer contributions, forfeitures and interest earnings.

Eligible employees are required to contribute 3% of earnings and the Town contributes 12%. The Town's contributions are vested at the rate of 20% per year. Forfeited non-vested amounts reduce the employer's contributions. For the year ended June 30, 2024, the Town contributed \$60,793 which was equal to its required contribution.

C. Compensated Absences

Full time employees accrue vacation days per year as follows:

After first anniversary year	5 days
Calendar years 2-4	10 days
Calendar years 5-10	15 days
Calendar years 11-15	20 days
Calendar years 16-20	25 days
Calendar years 21+	30 days

Employees are not permitted to carry vacation accruals forward from one calendar year to the next, but are paid for any unforfeited and unused days upon termination. Full time employees also accrue paid sick leave at the rate of 5 days per year, not to exceed 60 days, and are paid for unused leave upon termination. The Town does not report a liability for compensated absences in its financial statement and the value of the accruals has not been calculated as of June 30, 2024.

5. Commitments and Contingencies

Litigation:

From time to time, the Town and its public trust may be parties to various legal proceedings or have threatened litigation which normally occurs in the course of municipal governmental operations; however the town's legal counsel advises that at report date there were no pending issues. State Constitution and statutes provide for the levy of an ad valorem tax over a three-year period by a sinking fund for the payment of any court assessed judgment rendered against the Town. (This provision is not available to public trusts.) The Town also carries insurance that provides some degree of protection for litigation and legal proceedings.

Federal and State Award Programs:

The Town of Chouteau participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The Town has not been notified of any noncompliance with federal or state award requirements.

6. Cooperative Agreements and In-Kind Services

Maintenance of Streets and Alleys:

The Town has entered into an agreement with the Mayes County Board of Commissioners (County) regarding the repair and maintenance of streets and alleys. In the agreement, the County will supply

special heavy equipment and operators for the routine maintenance of streets and alleys and the town will furnish minor patchwork, materials, traffic controls, and flagmen. The financial statements do not include any amounts related to the services provided by the County.

7. Subsequent Events

Management evaluated events and transactions that occurred after the balance sheet date for potential recognition and disclosure through the date on which the financial statements were available to be issued, and has determined that no additional disclosures are necessary.

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OTHER INFORMATION

Budgetary Comparison Schedule (Modified Cash Basis) – Year Ended June 30, 2024 - UNAUDITED

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Beginning budgetary fund balance	\$ 1,140,657	\$ 1,140,657	\$ 1,274,361	\$ 133,704
Resources (inflows)				
Taxes	1,316,070	1,316,070	1,912,166	596,096
Intergovernmental	36,900	36,900	28,082	(8,818)
Licenses and permits	12,690	12,690	14,797	2,107
Fire runs	9,000	9,000	1,150	(7,850)
Rents	1,800	1,800	11,395	9,595
Investment income	3,600	3,600	27,676	24,076
Grants and donations	-	-	59,998	59,998
Fines and forfeitures	90,000	90,000	85,042	(4,958)
Library fees	765	765	2,336	1,571
Miscellaneous	46,080	46,080	11,249	(34,831)
Total resources (inflows)	1,516,905	1,516,905	2,153,891	636,986
Amounts available for appropriation	2,657,562	2,657,562	3,428,252	770,690
Charges to appropriations (outflows):				
General government	392,017	392,017	225,474	166,543
Public safety	1,039,441	1,039,441	965,742	73,699
Library	101,100	101,100	67,089	34,011
Parks and recreation	10,000	10,000	2,911	7,089
Legal	20,000	20,000	12,930	7,070
Inspections	12,000	12,000	11,841	159
Transfers to CPWA	242,000	242,000	358,781	(116,781)
Total charges to appropriations	1,816,558	1,816,558	1,644,768	171,790
Ending budgetary fund balance	\$ 841,004	\$ 841,004	\$ 1,783,484	\$ 942,480

Footnotes to Budgetary Comparison Schedule:

1. The budgetary comparison schedules are reported on the same modified cash basis as governmental funds within the basic financial statements.
2. The legal level of appropriation control is the department level within a fund. Transfer appropriations require the Mayor's approval and supplemental appropriations require the Board of Trustee's approval.

Combining Balance Sheet (Modified Cash Basis) – Non-major Governmental Funds – June 30, 2024
- UNAUDITED

	Special Fire Fund	Police	CDBG	Cemetery	Cemetery Care	Total Nonmajor Funds
Assets:						
Cash and cash equivalents	\$ 66,570	\$ 69,853	\$ 1	\$ 65,553	\$ 23,832	\$ 225,809
Investments	-	-	-	20,215	-	20,215
Total assets	<u>\$ 66,570</u>	<u>\$ 69,853</u>	<u>\$ 1</u>	<u>\$ 85,768</u>	<u>\$ 23,832</u>	<u>\$ 246,024</u>
Fund Balance:						
Restricted	\$ -	\$ -	\$ -	\$ -	\$ 23,832	\$ 23,832
Unrestricted:						
Assigned - special purpose	66,570	69,853	1	85,768	-	222,192
Total fund balance	<u>\$ 66,570</u>	<u>\$ 69,853</u>	<u>\$ 1</u>	<u>\$ 85,768</u>	<u>\$ 23,832</u>	<u>\$ 246,024</u>

TOWN OF CHOUTEAU, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2024

Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Modified Cash Basis) – Non-major Governmental Funds – Year ended June 30, 2024 - UNAUDITED

	Special				Cemetery	Total
	Fire Fund	Police	CDBG	Cemetery	Care	Nonmajor Funds
Revenues:						
Cemetery sales	\$ -	\$ -	\$ -	\$ 16,275	\$ 2,325	\$ 18,600
Motel tax	4,453	4,453	-	-	-	8,906
Insurance reimbursement	-	11,046	-	-	-	11,046
Fire Services	10,821	-	-	-	-	10,821
Fines and forfeitures	-	2,520	-	-	-	2,520
Donations	63,614	64,820	-	-	-	128,434
Other	-	32,598	-	-	-	32,598
Interest	615	301	-	661	112	1,689
Total Revenues	79,503	115,738	-	16,936	2,437	214,614
Expenditures:						
Public safety	69,993	113,136	-	-	-	183,129
Cemetery	-	-	-	5,108	-	5,108
Total expenditures	69,993	113,136	-	5,108	-	188,237
Excess (deficiency) of revenues over expenditures	9,510	2,602	-	11,828	2,437	26,377
Other financing sources:						
Transfer from other funds	-	17,880	-	-	-	17,880
Transfer to other funds	(14,900)	(5,020)	-	-	-	(19,920)
Net change in fund balance	(5,390)	15,462	-	11,828	2,437	24,337
Fund balance - beginning	71,960	54,391	1	73,940	21,395	221,687
Fund balance - ending	\$ 66,570	\$ 69,853	\$ 1	\$ 85,768	\$ 23,832	\$ 246,024

**INDEPENDENT AUDITOR’S REPORT ON CONTROL AND
COMPLIANCE**



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 Members of the Board of Trustees
Town of Chouteau, 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 modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Chouteau, Oklahoma as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Chouteau, Oklahoma's basic financial statements, and have issued our report thereon dated November 15, 2024. 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.

Internal Control over Financial Reporting

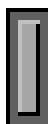
In planning and performing our audit of the financial statements, we considered the Town of Chouteau, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Chouteau, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Chouteau, 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 or significant deficiencies may exist that were not identified.


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Chouteau, 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*.



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.

A handwritten signature in blue ink that reads "Elfrink and Associates, PLLC". The script is cursive and fluid.

Elfrink and Associates, PLLC

Tulsa, Oklahoma

November 15, 2024