

**TOWN OF ARNETT OKLAHOMA  
ARNETT, OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS  
AND ACCOMPANYING  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2024**

**Town of Arnett, Oklahoma**  
**Annual Financial Statements**  
**For the fiscal year ended June 30, 2024**

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**Town of Arnett, Oklahoma**  
Year Ended June 30, 2024  
List of Principal Officials

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Mayor/Trustee  
Monty McMurphy

Vice Mayor/Trustee  
Tanner Dearing

City Clerk/Treasurer  
Sharon Stevens

Trustee  
Bryan Miller

Trustee  
Emily Royal

Trustee  
Rhonda Wayland

City Supervisor  
Randy Elliott

## INDEPENDENT AUDITOR'S REPORT

To the Town Council  
Town of Arnett, Oklahoma

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

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Arnett, 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 Arnett, Oklahoma'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 financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Arnett, Oklahoma, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Arnett, Oklahoma 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Arnett, Oklahoma's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Arnett, Oklahoma's ability to continue as a going concern for a reasonable period of time.

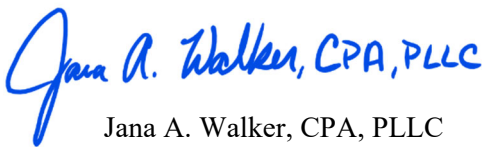
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, net pension schedules, and budgetary comparison information on pages 4–10 and 31–33 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2025, on our consideration of the Town of Arnett, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Arnett, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Arnett, Oklahoma's internal control over financial reporting and compliance.



Jana A. Walker, CPA, PLLC  
Woodward, Oklahoma  
March 24, 2025

Within this section, the Town of Arnett's ("Town") management provides narrative discussion and analysis of the financial performance of the Town's for the fiscal year ended June 30, 2024. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. This discussion focuses on the Town's primary government, and unless otherwise noted, component units reported separately from the primary government are not included. Please read it in conjunction with the Town's financial statements, which follow this section.

## FINANCIAL SUMMARY

- At June 30, 2024, the assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources by \$4,442,079 (net position). Of this amount \$1,664,057 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors. This compared to the previous year when assets exceeded liabilities by \$3,318,799 (as adjusted).
- The Town's total net position are comprised of the following:
  - (1) Invested in capital assets, net of related debt of \$2,733,819 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase of construction of capital assets.
  - (2) Restricted net position of \$44,203.
  - (3) Unrestricted net position of \$1,664,057 represents the portion available to maintain the Town's continuing obligations to citizens and creditors.
- Total liabilities of the Town increased by \$417,625 during the fiscal year primarily due to the water project.
- Net position of governmental activities increased \$399,886 or 31.0%, and net position of business-type activities increased \$723,394 or 35.65%.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$1,005,168 or 206.18% of total General Fund expenditures, excluding transfers.

## OVERVIEW OF THE FINANCIAL STATEMENTS

*Management's Discussion and Analysis* introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The Town also includes in this report additional information to supplement the basic financial statements.

### **Government-wide Financial Statements**

The Town's annual reporting includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall status and are presented to demonstrate the extent the Town has met its operating objective efficiently and effectively using all the resourced available and whether the Town can continue to meet it objectives in the foreseeable future. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Position*. This is the Town-wide statement of financial position presenting information that includes all of the Town's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indication of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall economic health of the Town would extend to other financial factors such as diversification of the taxpayer base or the condition of the Town infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Town's net position changed during the current fiscal year and can be used to assess the Town's operating results in its entirety and analyze how the Town's programs are financed. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the

statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinctively report governmental activities of the Town that are principally supported by taxes and intergovernmental revenues, such as grants, and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government; public safety and judiciary; transportation; and cultural, parks, and recreation. Business-types activities include utility services, including water, sewer and sanitation, provided by the Town.

The Town's financial reporting entity includes the funds of the Town (primary government) and organization for which the Town is accountable (component units). Most of these legally separate organizations are blended into the primary government for financial reporting purposes. Other organizations operate more independently or provide services directly to the citizens, though the Town remains accountable for their activities.

### ***Fund Financial Statements***

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations and to demonstrate fiscal accountability. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole.

The Town has two kinds of funds:

*Governmental funds* are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is different with fund statements reporting short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statement is included in the basic financial statement for governmental funds deemed as major. This statement demonstrates compliance with the Town's adopted and final revised budget.

*Proprietary funds* are reported in the fund financial statements and generally report services for which the Town charges customers a fee. The Town has one type of proprietary fund: enterprise funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the Town organization such as water, sanitation, and electric utilities.

Proprietary fund statements and statements for discretely presented component units (reporting similarly to proprietary funds) provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail.

### ***Notes to the financial statements***

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. Those notes to the financial statements begin immediately following the basic financial statements.

**Other information**

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Town's pension benefits provided to its employees.

Major funds and component units are reported in the basic financial statements as discussed.

**A FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE**

**Net Position**

The Town's combined net position at June 30, 2024 is \$4,442,079. This is a \$1,123,280 increase (depreciation expense is \$120,798- a non-cash expense) over June 30, 2023 net position of \$3,318,799. The Town reported positive balances in total net position for both governmental and business-type activities, reporting \$1,689,680 and \$2,752,399, respectively.

**Summary of Net Position**

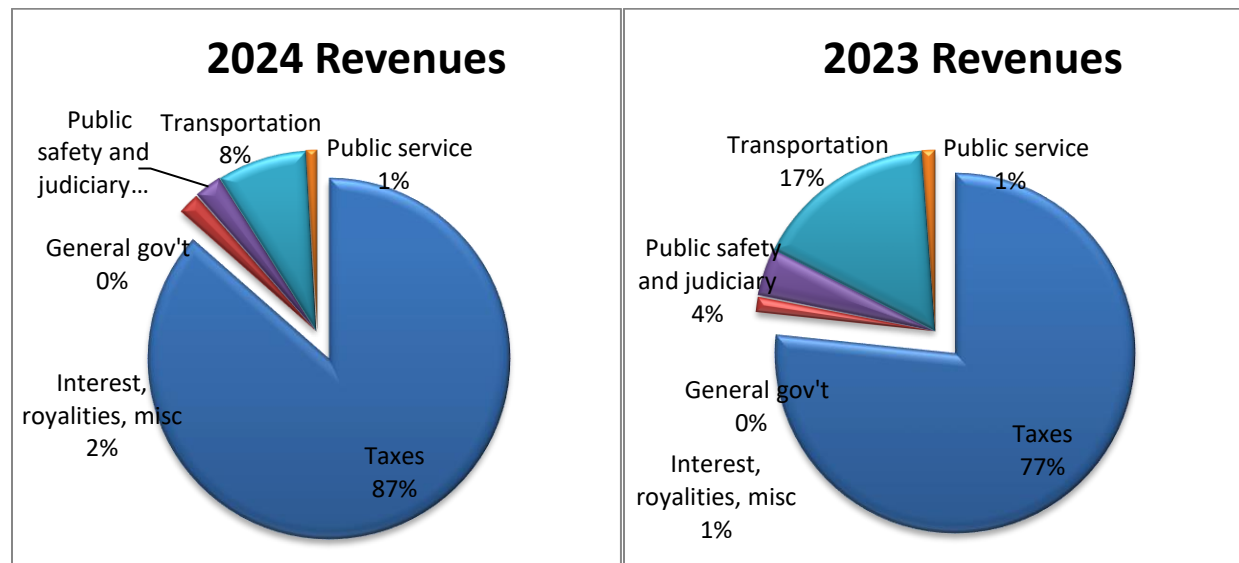
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>		<b>\$ Change</b>	<b>% Change</b>
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>		
Current and other assets	\$ 1,069,990	\$ 754,174	\$ 1,050,331	\$ 579,255	\$ 2,120,321	\$ 1,333,429	\$ 786,892	37.1%
Other noncurrent assets	-	-	-	-	-	-	\$ -	
Capital assets, net	638,994	553,124	2,094,825	1,466,027	2,733,819	2,019,151	\$ 714,668	26.1%
<b>Total assets</b>	<b>1,708,984</b>	<b>1,307,298</b>	<b>3,145,156</b>	<b>2,045,282</b>	<b>4,854,140</b>	<b>3,352,580</b>	<b>\$ 1,501,560</b>	<b>30.9%</b>
<b>Deferred outflows of resources</b>	<b>89,235</b>	<b>121,929</b>	<b>-</b>	<b>-</b>	<b>89,235</b>	<b>121,929</b>	<b>(32,694)</b>	<b>-36.6%</b>
Long-term liabilities	77,532	109,973	-	-	77,532	109,973	\$ (32,441)	-418%
Other liabilities	20,619	11,610	392,757	16,277	413,376	27,887	\$ 385,489	93.3%
<b>Total liabilities</b>	<b>98,151</b>	<b>121,583</b>	<b>392,757</b>	<b>16,277</b>	<b>490,908</b>	<b>137,860</b>	<b>\$ 353,048</b>	<b>719%</b>
<b>Deferred inflows of resources</b>	<b>10,388</b>	<b>17,850</b>	<b>-</b>	<b>-</b>	<b>10,388</b>	<b>17,850</b>	<b>(7,462)</b>	<b>-718%</b>
<b>Net position:</b>								
Invested in capital assets, net of related debt	638,994	553,124	2,094,825	1,466,027	2,733,819	2,019,151	\$ 714,668	26.1%
Restricted	44,203	52,641	45,127	-	89,330	52,641	\$ 36,689	41.1%
Unrestricted	1,006,483	684,029	612,447	562,978	1,618,930	1,247,007	\$ 371,923	23.0%
<b>Total net position</b>	<b>\$ 1,689,680</b>	<b>\$ 1,289,794</b>	<b>\$ 2,752,399</b>	<b>\$ 2,029,005</b>	<b>\$ 4,442,079</b>	<b>\$ 3,318,799</b>	<b>\$ 1,123,280</b>	<b>25.3%</b>



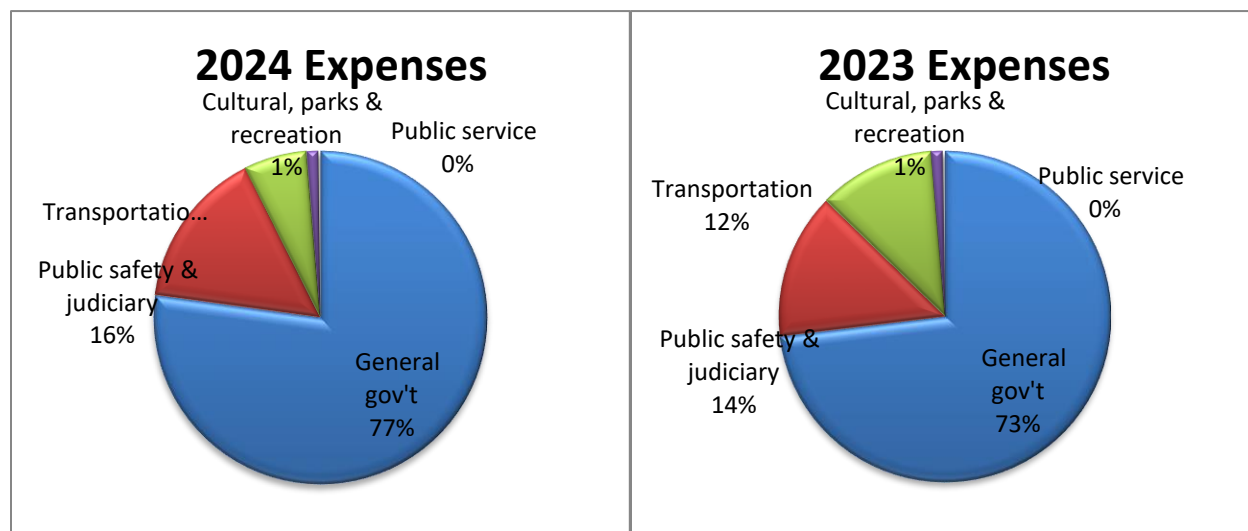
Summary of Changes in Net Position								
	Governmental Activities		Business-type Activities		Total		\$ Change	% Change
	2024	2023	2024	2023	2024	2023		
<b>Revenues</b>								
Program revenues	\$ 94,756	\$ 98,274	\$ 964,528	\$ 268,143	\$ 1,059,284	\$ 366,417	\$ 692,867	189%
Taxes and other general revenues	732,464	347,820	10,174	1,972	742,638	349,792	392,846	112%
<b>Total revenues</b>	<b>827,220</b>	<b>446,094</b>	<b>974,702</b>	<b>270,115</b>	<b>1,801,922</b>	<b>716,209</b>	<b>1,085,713</b>	<b>152%</b>
<b>Expenses</b>								
General government	329,728	329,160	-	-	329,728	329,160	568	0%
Public safety and judiciary	66,069	64,042	-	-	66,069	64,042	2,027	3%
Transportation	25,978	51,282	-	-	25,978	51,282	(25,304)	-49%
Cultural, parks, and recreation	4,721	4,838	-	-	4,721	4,838	(117)	-2%
Public service	838	1,083	-	-	838	1,083	(245)	-23%
Water	-	-	152,897	166,394	152,897	166,394	(13,497)	-8%
Sewer	-	-	6,551	6,594	6,551	6,594	(43)	-1%
Sanitation	-	-	59,642	60,180	59,642	60,180	(538)	-1%
Administration	-	-	32,218	27,859	32,218	27,859	4,359	16%
<b>Total expenses</b>	<b>427,334</b>	<b>450,405</b>	<b>251,308</b>	<b>261,027</b>	<b>678,642</b>	<b>711,432</b>	<b>(32,790)</b>	<b>-5%</b>
Excess (deficiency) before transfers	\$ 399,886	\$ (4,311)	\$ 723,394	\$ 9,088	\$ 1,123,280	\$ 4,777	\$ 1,118,503	23414%
Transfers - internal	-	-	-	-	-	-	-	0%
<b>Change in net position</b>	<b>399,886</b>	<b>(4,311)</b>	<b>723,394</b>	<b>9,088</b>	<b>1,123,280.00</b>	<b>4,777</b>	<b>1,118,503</b>	<b>23414%</b>
Beginning net position	1,289,794	1,294,105	2,029,005	2,019,917	3,318,799	3,314,022	4,777	0%
Prior period adjustment	-	-	-	-	-	-	-	-
<b>Ending net position</b>	<b>\$ 1,689,680</b>	<b>\$ 1,289,794</b>	<b>\$ 2,752,399</b>	<b>\$ 2,029,005</b>	<b>\$ 4,442,079</b>	<b>\$ 3,318,799</b>	<b>\$ 1,123,280</b>	<b>34%</b>

Revenues for the Town increased 151.59% over the prior year. This increase in revenues is mainly attributable to sales and use tax increase, grants, and OWRB loan forgiveness. Operating expenses decreased compared prior fiscal year 2023 with an 4.61% change.

Graphic presentations of selected data from the summary table follow to assist in the analysis of the Town's activities.

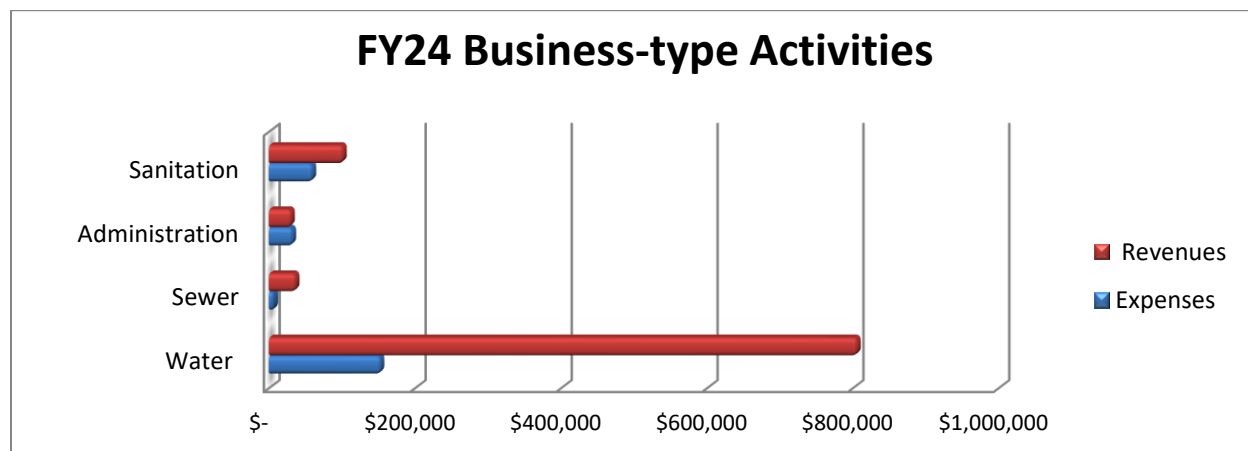


Taxes provided 87% of the Town's governmental revenues in fiscal year 2024. Transportation followed as the second major revenue source accounting for 8% of governmental revenues.



For the year ended June 30, 2024, total expenses for governmental activities were \$427,334. Of this amount, general government with \$329,728 was the largest operating department at 77% of the total cost of services for governmental activities. These costs, as well as all other governmental activity expenses, were primarily funded by tax revenues and transfers in from the Light and Water fund. It should be noted that governmental expenses are adjusted from the fund statements to the government-wide statements for the purchase and construction of capital assets. Government-wide statement is full accrual; capital outlay expenses are eliminated and capital assets are reported.

### Business-type Activities



Business-type activities are shown comparing costs to revenues generated by the related services. Sanitation, Sewer, and Water activities are intended to be self-supporting with user charges and other revenues designed to recover costs. Other activities provide services with minimal user charges.

For the fiscal year ended June 30, 2024, revenues from water, sewer, and sanitation covered the cost of operating their respective departments.

### General Fund Budgetary Highlights

The adopted budget for the General Fund for fiscal year 2024 was \$569,845. Actual expenses were \$483,196 less than budgeted amounts. The General Fund budget complied with financial policies approved by the Town.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of June 30, 2024, the Town had \$2,733,819 invested in capital assets, net of related debt, including vehicles and equipment for police and fire operations, street improvements, and park facilities, in governmental activities and water lines and sewer lines in business-type activities. Refer to the table below.

#### Primary Government Capital Assets (net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
Non-Depreciable Assets	2024	2023	2024	2023	2024	2023
Land	\$ -	\$ -	\$ 221,497	\$ 221,497	\$ 221,497	\$ 221,497
Construction in progress	16,705	-	687,595	61,356	704,300	61,356
<b>Depreciable Assets</b>						
Buildings	256,549	275,221	162,039	126,638	418,588	401,859
Machinery & equipment	148,037	85,615	139,503	143,690	287,540	229,305
Utility property & improvements	217,703	192,288	884,191	912,846	1,101,894	1,105,134
Totals	<u>\$ 638,994</u>	<u>\$ 553,124</u>	<u>\$ 2,094,825</u>	<u>\$ 1,466,027</u>	<u>\$ 2,733,819</u>	<u>\$ 2,019,151</u>

- In Governmental Activities, the most significant additions included a 1995 fire pumper truck, a Kubota, 1500 gallon poly tank, and various street resurfacing.
- In Business-type activities capital additions included Harmon property improvements and the waterline replacement project.

### Long-Term Debt

At year-end, the Town had no long-term debt outstanding as the OWRB OFR water project is a forgivable loan. The Town's changes in long-term debt by type of debt are as follows:

#### Primary Government Long-Term Debt

	Governmental Activities		Business-type Activities	
	2024	2023	2024	2023
Notes payable	-	-	-	-
Capital lease obligation	-	-	-	-
Bonds payable net of premium	-	-	-	-
less current portion	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## ECONOMIC FACTORS AND NEXT YEARS'S BUDGET AND RATES

### Economic Environment

In 2024, Oklahoma faces challenges with both a slowing national economy and weakness in energy prices. While oil price declines may boost the national economy, it in turn harms Oklahoma's economy. There is a more optimistic forecast for the national labor market and a greater weakness in energy prices. The net result is a slightly more pessimistic forecast for the Oklahoma labor market in the near term due to the forecast employment declines in the energy sector. Corresponding to the slowing of overall economic growth, employment growth is forecast to flatten out in both the nation and state in 2024. The easing of global supply chain constraints have brought down the rate of inflation.

The following are highlights from the 2024-2025 budget:

The 2024-2025 budget was prepared to provide a financial plan that identifies as closely as possible most revenues and expenses while providing flexibility to address circumstances that could change.

**Fiscal Year 2025**

Recurring revenues, including sales and use taxes, were budgeted at 75% of fiscal year 2024 amounts. Utility rate increases that were adopted in March were budgeted- it is anticipated that the rates will be reviewed during the fiscal year and adjusted based on the water and sewer project responsibilities. The budget included a 3.7% pay increases for all full time employees. \$1.076 million in capital improvements consisting primarily of the water project and RIG grant, were budgeted to implement the vision of the Town Council to increase investment in the Town and infrastructure to assist with economic development and to improve the quality of life for the citizens of Arnett.

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Clerk's Office at Arnett Town Hall.

**Town of Arnett, Oklahoma**  
**Statement of Net Position**  
**June 30, 2024**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 614,433	\$ 466,948	\$ 1,081,381
Investments	297,434	184,696	482,130
Sales, use & other taxes receivable	62,078	-	62,078
Accounts receivable (net)	370	26,413	26,783
Grants receivable	-	366,896	366,896
Prepays	11,723	-	11,723
Internal balances	39,749	(39,749)	-
Total current assets	<u>1,025,787</u>	<u>1,005,204</u>	<u>2,030,991</u>
Restricted assets:			
Cash and cash equivalents	44,203	45,127	89,330
Total restricted assets	<u>44,203</u>	<u>45,127</u>	<u>89,330</u>
Noncurrent Assets:			
Land and construction in progress	16,705	909,092	925,797
Other capital assets (net of accumulated depreciation)	622,289	1,185,733	1,808,022
Total noncurrent assets	<u>638,994</u>	<u>2,094,825</u>	<u>2,733,819</u>
Total assets	<u>1,708,984</u>	<u>3,145,156</u>	<u>4,854,140</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges on pension obligations	\$ 89,235	\$ -	\$ 89,235
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 16,919	\$ 368,171	\$ 385,090
Compensated absences	3,700	2,499	6,199
Total current liabilities	<u>20,619</u>	<u>392,757</u>	<u>413,376</u>
Noncurrent liabilities:			
Pension liability	77,532	-	77,532
Total noncurrent liabilities	<u>77,532</u>	<u>-</u>	<u>77,532</u>
Total liabilities	<u>98,151</u>	<u>392,757</u>	<u>490,908</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred charges on pension obligations	10,388	-	10,388
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	638,994	2,094,825	2,733,819
Reserved for restricted purposes	44,203	45,127	89,330
Unrestricted	1,006,483	612,447	1,618,930
Total net position	<u>\$ 1,689,680</u>	<u>\$ 2,752,399</u>	<u>\$ 4,442,079</u>

**Town of Arnett, Oklahoma**  
**Statement of Activities**  
**Year Ended June 30, 2024**

Functions/Programs	Expenses	Program Revenues			Primary Government	Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Net (Expense)/Revenue	
<b>Primary government</b>						
Governmental activities:						
General government	\$ 329,728	\$ 995	\$ -	\$ -	\$ (328,733)	\$ -
Public safety and judiciary	66,069	295	4,894	15,000	(45,880)	-
Transportation	25,978	4,396	-	61,876	40,294	-
Cultural, parks and recreation	4,721	-	-	-	(4,721)	-
Public service	838	7,300	-	-	6,462	-
Total governmental activities	<u>427,334</u>	<u>12,986</u>	<u>4,894</u>	<u>76,876</u>	<u>(332,578)</u>	<u>-</u>
Business-type activities:						
Water	152,897	118,177	-	687,594	652,874	-
Sewer	6,551	36,818	-	-	30,267	-
Administration	32,218	20,325	-	-	(11,893)	-
Sanitation	59,642	101,614	-	-	41,972	-
Total business-type activities	<u>251,308</u>	<u>276,934</u>	<u>-</u>	<u>687,594</u>	<u>713,220</u>	<u>-</u>
Total primary government	<u>\$ 678,642</u>	<u>\$ 289,920</u>	<u>\$ 4,894</u>	<u>\$ 764,470</u>	<u>\$ 380,642</u>	<u>\$ -</u>

**Town of Arnett, Oklahoma**  
**Statement of Activities (continued)**  
**Year Ended June 30, 2024**

**Changes in Net Position:**

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
Net (expense)/revenue	\$ (332,578)	\$ 713,220	\$ 380,642
General revenues:			
Taxes:			
Sales tax	479,342	-	479,342
Use tax	159,213	-	159,213
Alcoholic beverage tax	42,305	-	42,305
Franchise tax	25,480	-	25,480
Cigarette tax	2,904	-	2,904
Oil and gas royalties	2,098	71	2,169
Investment income	13,913	10,103	24,016
Pension change	7,209	-	7,209
Transfers-Internal activity	-	-	-
Total general revenues and transfers	<u>732,464</u>	<u>10,174</u>	<u>742,638</u>
Change in net position	399,886	723,394	1,123,280
Net position-beginning as previously reported	1,289,794	2,029,005	3,318,799
Prior period adjustment	-	-	-
Net position-ending	<u>\$ 1,689,680</u>	<u>\$ 2,752,399</u>	<u>\$ 4,442,079</u>

**Town of Arnett, Oklahoma  
Balance Sheet  
Governmental Funds  
June 30, 2024**

		<b>Non-Major Funds</b>		
	<b>General Fund</b>	<b>Fire Fund</b>	<b>Cemetery Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 614,433	\$ 10,867	\$ 33,336	\$ 658,636
Investments	297,434	-	-	297,434
Sales, use & other taxes receivable	62,078	-	-	62,078
Revenue & other receivable	370	-	-	370
Due from other funds	39,749	-	-	39,749
Prepays	11,723	-	-	11,723
Total assets	<u>\$ 1,025,787</u>	<u>\$ 10,867</u>	<u>\$ 33,336</u>	<u>\$ 1,069,990</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 16,919	\$ -	\$ -	\$ 16,919
Compensated absences	3,700	-	-	3,700
Due to other funds	-	-	-	-
Total liabilities	<u>20,619</u>	<u>-</u>	<u>-</u>	<u>20,619</u>
<b>FUND BALANCES</b>				
Restricted	-	10,867	33,336	44,203
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	1,005,168	-	-	1,005,168
Total fund balances	<u>1,005,168</u>	<u>10,867</u>	<u>33,336</u>	<u>1,049,371</u>
Total liabilities and fund balances	<u>\$ 1,025,787</u>	<u>\$ 10,867</u>	<u>\$ 33,336</u>	<u>\$ 1,069,990</u>
Total fund balance- total governmental funds				\$ 1,049,371
Amounts reported for governmental activities in the Statement of Net Position are different because:				
Land and capital assets, net of accumulated depreciation, are not financial resources and, in the funds, and there				
Land and construction in process			16,705	
Capital assets			1,790,101	
Less: Accumulated depreciation			<u>(1,167,812)</u>	
				638,994
Net pension asset				-
Pension related deferred outflows				89,235
Net pension liability				(77,532)
Pension related deferred inflows				<u>(10,388)</u>
Net assets of governmental activities				<u>\$ 1,689,680</u>



**Town of Arnett, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2024**

	General Fund	Non-Major Funds		Total Governmental Funds
		Fire Fund	Cemetery Fund	
<b>REVENUES</b>				
Sales tax	\$ 479,342	\$ -	\$ -	\$ 479,342
Use tax	159,213	-	-	159,213
Alcoholic beverage	42,305	-	-	42,305
Franchise tax	25,480	-	-	25,480
Cigarette tax	2,904	-	-	2,904
Licenses and permits	995	-	-	995
Rents & royalties	1,998	100	-	2,098
Fines and forfeitures	275	-	-	275
Charges for services	5,800	-	1,500	7,300
Intergovernmental revenues	70,966	-	-	70,966
Donations	-	200	-	200
Other revenues	-	15,020	-	15,020
Interest	13,484	159	270	13,913
Total revenues	802,762	15,479	1,770	820,011
<b>EXPENDITURES</b>				
<b>Current</b>				
General government:				
General government	208,406	-	-	208,406
Administration	16,950	-	-	16,950
City clerk/treasurer	62,207	-	-	62,207
City attorney	7,063	-	-	7,063
Total general government	294,626	-	-	294,626
Public safety and judiciary:				
Police	32,114	-	-	32,114
Fire	10,561	10,029	-	20,590
Total public safety and judiciary	42,675	10,029	-	52,704
Transportation:				
Street	6,621	-	-	6,621
Total transportation	6,621	-	-	6,621
Cultural, parks and recreation:				
Park	44	-	-	44
Total cultural, parks and recreation	44	-	-	44
Public service:				
Cemetery	-	-	838	838
Total public service	-	-	838	838
Capital outlay	143,551	14,820	-	158,371
Total expenditures	487,517	24,849	838	513,204
Excess (deficiency) of revenues over expenditures	315,245	(9,370)	932	306,807
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	315,245	(9,370)	932	306,807
Fund balances - beginning	689,923	20,237	32,404	742,564
Prior period adjustment	-	-	-	-
Fund balances - ending	\$ 1,005,168	\$ 10,867	\$ 33,336	\$ 1,049,371

**Town of Arnett, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Year Ended June 30, 2024**

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Reconciliation of the change in fund balances - total governmental funds  
to the change in net position of governmental activities:

Net change in fund balances - total governmental funds	\$	306,807
Amounts reported for governmental activities in the Statement of Activities are different because:		

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital asset purchases capitalized	158,371		
Depreciation expense	<u>(72,501)</u>		85,870

Government-Wide Statement of Activities report the cost of pension benefits earned net of employee contributions is reported as an element of pension.		7,209
The fund financial statements report pension contributions as expenditures.		

Change in Net Position of Governmental Activities	\$	<u><u>399,886</u></u>
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**Town of Arnett, Oklahoma**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2024**

	<b>Arnett Public Facilities Authority</b>	<b>Total Enterprise Funds</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 466,948	\$ 466,948
Investments	184,696	184,696
Accounts receivable, net	26,413	26,413
Grants receivable	366,896	366,896
Total current assets	<u>1,044,953</u>	<u>1,044,953</u>
Current assets:		
Restricted assets:		
Cash, including time deposits	45,127	45,127
Total restricted assets	<u>45,127</u>	<u>45,127</u>
Noncurrent assets:		
Capital assets (net)	2,094,825	2,094,825
Total noncurrent assets	<u>2,094,825</u>	<u>2,094,825</u>
<b>Total assets</b>	<u>\$ 3,184,905</u>	<u>\$ 3,184,905</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 368,171	\$ 368,171
Deposits subject to refund	22,087	22,087
Compensated absences	2,499	2,499
Due to other funds	39,749	39,749
Notes payable, current	-	-
Total current liabilities	<u>432,506</u>	<u>432,506</u>
Noncurrent liabilities:		
Notes payable, non-current	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>432,506</u>	<u>432,506</u>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	2,094,825	2,094,825
Restricted	45,127	45,127
Unrestricted	<u>612,447</u>	<u>612,447</u>
<b>Total net position</b>	<u>\$ 2,752,399</u>	<u>\$ 2,752,399</u>

**Town of Arnett, Oklahoma**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2024**

	<b>Arnett Public Facilities Authority</b>	<b>Total Enterprise Funds</b>
<b><u>Operating revenues:</u></b>		
Charges for services:		
Water charges	\$ 118,177	\$ 118,177
Sewer charges	36,818	36,818
Sanitation charges	101,614	101,614
Penalties	2,247	2,247
Total charges for services	258,856	258,856
Lease and rental income	13,989	13,989
Miscellaneous income	4,089	4,089
Total operating revenues	276,934	276,934
<b><u>Operating expenses:</u></b>		
Cost of sales	59,642	59,642
Personal services	101,937	101,937
Materials and supplies	23,279	23,279
Other services and charges	18,153	18,153
Depreciation and amortization	48,297	48,297
Total operating expenses	251,308	251,308
Net operating income	25,626	25,626
<b><u>Nonoperating revenue (expense):</u></b>		
OWRB loan forgiveness	687,594	687,594
Investment income	10,103	10,103
Oil and gas royalties	71	71
Total nonoperating revenue/(expense)	697,768	697,768
<b>Net income before contributions and transfers</b>	723,394	723,394
<b><u>Contributions and transfers:</u></b>		
Transfers from other funds	-	-
Transfers to other funds	-	-
<b>Change in net position</b>	723,394	723,394
Net position-beginning of year	2,029,005	2,029,005
Net position-end of year	\$ 2,752,399	\$ 2,752,399

**Town of Arnett, Oklahoma**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2024**

	<b>Arnett Public Facilities Authority</b>	<b>Total Enterprise Funds</b>
<b><u>Cash flows from operating activities:</u></b>		
Receipts from customers	\$ 263,380	\$ 263,380
Payments to suppliers	272,907	272,907
Payments to employees	(99,438)	(99,438)
<b>Net cash provided (used) by operating activities</b>	<b>436,849</b>	<b>436,849</b>
<b><u>Cash flows from non-capital financing activities:</u></b>		
Receipts (payments) from interfund loan agreements	(5,647)	(5,647)
Oil & gas royalties	71	71
Transfers from other funds	-	-
Transfers to other funds	-	-
<b>Net cash provided (used) by non-capital financing activities</b>	<b>(5,576)</b>	<b>(5,576)</b>
<b><u>Cash flows from capital and related financing activities:</u></b>		
Capital grants and contributions	320,698	320,698
Purchases of capital assets	(677,095)	(677,095)
Proceeds from capital debt	-	-
Debt issuance costs paid	-	-
Interest paid on capital debt	-	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(356,397)</b>	<b>(356,397)</b>
<b><u>Cash flows from investing activities:</u></b>		
Sale (purchase) of investments	(7,147)	(7,147)
Investment income	10,103	10,103
<b>Net cash provided (used) by investing activities</b>	<b>2,956</b>	<b>2,956</b>
Net increase (decrease) in cash and cash equivalents:	77,832	77,832
Cash & cash equivalents, June 30, 2023	434,243	434,243
Cash & cash equivalents, June 30, 2024	<u>\$ 512,075</u>	<u>\$ 512,075</u>
Cash, including time deposits	\$ 512,075	\$ 512,075
Total cash and cash equivalents, end of year	<u>\$ 512,075</u>	<u>\$ 512,075</u>
<b><u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u></b>		
Operating income (loss)	\$ 25,626	\$ 25,626
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	48,297	48,297
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(13,554)	(13,554)
(Increase) decrease in prepaids	-	-
Increase (decrease) in accounts payable	364,321	364,321
Increase (decrease) in vacation payable	2,499	2,499
Increase (decrease) in deposits payable	9,660	9,660
Total adjustments	411,223	411,223
<b>Net cash provided (used) by operating activities</b>	<b>\$ 436,849</b>	<b>\$ 436,849</b>

**(1) ORGANIZATION**

The Town of Arnett, Oklahoma, (the Town) operates under a board of trustees form of government under Title 11 of the *Oklahoma Statutes*. The Town provides the following services to its citizens: public safety (fire), streets and highways, water utilities, sanitation and solid waste services, culture and recreation, public improvements, planning and zoning, and general administrative services.

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting framework and the more significant accounting principles and practices of the Town of Arnett, Oklahoma ("Town") are discussed in subsequent section of this note. The remainder of the notes is organized to provide explanations, including required disclosures of the Town's financial activities for the fiscal year ended June 30, 2024.

**A. Reporting Entity**

***Fund Types and Major Funds***

**Major Governmental Funds**

General Fund

Reported as the primary fund of the Town. This fund is used to account for all financial resources not reported in other funds.

**Non-Major Governmental Funds**

Fire Fund

Account for fire grants and donations and is restricted for fire department needs.

Cemetery Fund

Accounts for 12 ½% of cemetery revenue restricted by State law for cemetery capital improvements.

**Major Proprietary Funds**

Arnett Public Facilities Authority (APFA)

Accounts for the operating activities of the water, sewer, and sanitation utilities of the Town.

**Component Units**

The accompanying financial statements present the Town's primary government and component units for which the Town is considered to be financially accountable. Financial accountability is based primarily on certain authoritative, operational or financial relationships with the Town (as distinct from legal relationships).

**B. Basic Financial Statements**

***Government-wide Financial Statements***

The government-wide financial statements include the statement of net position and statement of activities. These statements report financial information for the Town as a whole. The statements distinguish governmental activities, generally supported by taxes and Town general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. Individual funds are not displayed by the statements.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services with usage fees, fines and forfeitures, and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. Taxes and other revenues sources not properly included with program revenues are reported as general revenues.

***Fund Financial Statements***

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns.

***Measurement Focus and Basis of Accounting***

The financial statements of the Town are prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP). The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide statements report using the economic resources measurements focus and the accrual basis of accounting. Reimbursements are reported as reductions to expenses. Proprietary financial statements and financial statements of the Town's component units also report using the same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough

thereafter to pay current liabilities. The Town considered revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenses are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include: sales and use taxes and intergovernmental revenues. In general, other revenues are recognized when cash is received.

Operating income reported in the proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of provided goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

**C. Budget Policy and Practice**

***Budget Approval***

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

***Compliance***

At June 30, 2024, the Town was in material compliance with Oklahoma budgeting regulations.

**D. Policies Related to Assets, Liabilities, and Fund Equity**

***Cash and Investments***

For the purposes of the combined balance sheet and the statement of cash flows, "cash and cash equivalents" includes all demand deposits, savings accounts and certificates of deposits or short-term investments (including restricted assets) with an original maturity of three months or less. Deposits are stated at cost.

Investments are reported at fair value which is determined using market prices. Short-term investments are reported at cost, which approximates fair value.

***Due from other governments***

Significant receivables include sales tax, use tax, gasoline and motor vehicle tax receivables due from the state of Oklahoma and Blaine County. Sales and Use Tax are considered fully collectible.

***Accounts Receivable***

Significant receivables include amount due from customers primarily for utility services. These receivables are due within one year. Certain enterprise funds report accounts receivable net of an allowance for uncollectible accounts. The allowance amount is estimated using accounts receivable past due more than 90 days.

***Restricted Assets***

Restricted assets include assets legally restricted for capital projects at the hospital funded through sales tax directives. Restricted assets are current in nature and are reported with current assets in the financial statements.

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

***Interfund Balances***

Generally, outstanding balances between funds reported as due to/due from other funds include outstanding charges by one fund to another for services for goods or miscellaneous receivables/payables between funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year and are described as due to/due from other funds.

***Capital Assets, Depreciation, and Amortization***

The Town's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective fund financial statements. Donated assets are stated at fair value on the date donated. The Town generally capitalized assets with cost of \$1,000 or more as purchase and construction outlay occur.

The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

• Buildings	20-50 years
• Other improvements	10 years
• Machinery, furniture & equipment	5-25 years
• Infrastructure	20-40 years

Costs incurred during construction of long-lived assets are recorded as construction in progress and are not depreciated until placed in service.

#### ***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government has deferred inflows related to their defined benefit pension plans.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. An example of an item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category would be unavailable revenue from property taxes and special assessments. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. Those amounts would be deferred and recognized as an inflow of resources in the period that the amounts become available. The Town has deferred outflows related to their defined benefit pension plans.

#### ***Compensated Absences***

Full-time employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Town. Sick leave accrues to full-time employees at 8 hours per pay period with a specified maximum of 240 hours. Sick leave is not payable at the termination of employment. Employees are entitled to all accrued vacation leave upon termination. The estimated liabilities include required salary-related payments. Compensated absences are reported as accrued current liabilities in the government-wide and proprietary financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees.

#### ***Long-Term Debt***

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as a liability.

#### ***Fund Equity***

##### **Fund Balance**

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes beyond the restrictions applicable to the fund.

##### **Net Position**

Both proprietary fund financial statements and government-wide financial statements report net position. Amounts invested in capital assets, net of related debt and legally restricted amounts are separated from unrestricted net position.

##### **Invested in capital assets, net of related debt**

The amount restricted 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 improvement of those assets.

##### **Restricted net position**

Amounts reported as restricted consist of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

##### **Governmental Fund Balances**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

##### **Nonspendable**

Fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),



**Restricted**

Fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

**Committed**

Fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town Commission, the Town's highest level of decision-making authority,

**Assigned**

Fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

**Unassigned**

Fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications

***Use of Estimates***

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reporting amounts and disclosures; accordingly, actual results could differ from those estimates.

**E. Policies Related to Revenues and Expenses**

***Program Revenues***

**Charges for Services**

Program revenues reported with governmental activities include charges for services like permits and fees, park charges, and fines and forfeitures. Business-type activity charges for services include all operating income of proprietary funds.

**Grants and Contributions**

Governmental grants and contributions primarily consist of grants from Federal and state agencies. The nature of the grant determines if it is reported as operating or capital program revenues.

Business-type activity grants and contributions include donations from others as well as grants from Federal and state agencies.

**General Revenues**

General revenues reported with governmental activities include tax revenues and unrestricted investment income.

**Sales Tax**

The Town's sales tax levy is four percent (4%) and is unrestricted and recorded as sales tax revenue within the General Fund.

**Property Tax**

Under State law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by voters and any court-assessed judgments.

The property tax levy, as determined by the Town's debt service needs, is submitted to the County Excise Board for approval. County assessors, elected officials, determine the taxable value of real estate and personal property in the County. A State Board of Equalization hears complaints on real estate values with the power to equalize assessments. Under present State law, the ratio of assessed value to true value cannot exceed 35%.

Property taxes levied by the Town are billed and collected by the County Treasurer's Office and remitted to the Town in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October.

For the year ended June 30, 2024, the Town's net assessed valuation of taxable property was \$3,285,754. The Town levied no property tax this year.

**(3) ASSETS, LIABILITIES, AND NET POSITION OR FUND BALANCE**

**A. Assets**

***Deposits and Investments***

**Deposits**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned or the Town will not be able to recover collateral securities in the possession of an outside party. The Town's deposits are secured by collateral values at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance

**TOWN OF ARNETT, OKLAHOMA**  
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Corporation (FDIC). Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

**Investments**

The Town invests primarily in certificates of deposit. Investment securities are exposed to various risks such as interest rate risk and credit risk.

<u>Types of Investments</u>	<b>Primary Government</b>			
	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality/ Ratings (1)</u>	<u>Weighted Average Days to Maturity (2)</u>
<b>Primary government</b>				
<b><u>INVESTMENTS:</u></b>				
Certificates of deposit	\$ 482,130	\$ 482,130	N/A	66
Total investments	<u>482,130</u>	<u>482,130</u>		
Total primary government investments	<u>\$ 482,130</u>	<u>\$ 482,130</u>		

**RECONCILIATION TO STATEMENT OF NET POSITION**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Investments, unrestricted	\$ 297,434	\$ 184,696	\$ 482,130
Total investments	<u>\$ 297,434</u>	<u>\$ 184,696</u>	<u>\$ 482,130</u>

(1) Ratings are provided where applicable to indicate associated **Credit Risk**. N/A indicates not applicable.

(2) **Interest rate risk** is estimated using either duration or weighted average days to maturity depending on the respective policy.

**TOWN OF ARNETT, OKLAHOMA**  
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**Capital Assets**

**Changes in Capital Assets**

	<b>Primary Government</b>			
	<b>Balance at June 30, 2023</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at June 30, 2024</b>
<u><i>Governmental Activities</i></u>				
<b>Non-Depreciable Assets</b>				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	-	16,705	-	16,705
<b>Depreciable Assets</b>				
Buildings & improvements	966,600	9,540	-	976,140
Machinery, furniture, & equipment	363,024	84,882	-	447,906
Infrastructure	318,811	47,244	-	366,055
Total	1,648,435	158,371	-	1,806,806
Less accumulated depreciation	1,095,311	72,501	-	1,167,812
Governmental fixed assets, net	<u>\$ 553,124</u>	<u>\$ 85,870</u>	<u>\$ -</u>	<u>\$ 638,994</u>
<u><i>Business-type Activities</i></u>				
<b>Non-Depreciable Assets</b>				
Land	\$ 221,497	\$ -	\$ -	\$ 221,497
Construction in Progress	61,356	677,095	50,856	687,595
<b>Depreciable Assets</b>				
Buildings & improvements	543,986	50,856	-	594,842
Machinery, furniture, & equipment	211,799	-	-	211,799
Infrastructure	1,814,380	-	-	1,814,380
Total	2,853,018	727,951	50,856	3,530,113
Less accumulated depreciation	1,386,991	48,297	-	1,435,288
Business-type fixed assets, net	<u>\$ 1,466,027</u>	<u>\$ 679,654</u>	<u>\$ (50,856)</u>	<u>\$ 2,094,825</u>
<b>Total primary government</b>	<u>\$ 2,019,151</u>	<u>\$ 765,524</u>	<u>\$ (50,856)</u>	<u>\$ 2,733,819</u>

**Depreciation Expense**

<b>Primary Government</b>			
<b>Governmental Activities</b>		<b>Business-type Activities</b>	
General government	\$ 35,102	Water	\$ 26,958
Public safety & judiciary	13,365	Sewer	5,884
Transportation	19,357	Administration	15,455
Cultural, parks & recreation	4,677	Total depreciation expense	<u>\$ 48,297</u>
Total depreciation expense	<u>\$ 72,501</u>		

**B. Liabilities**

**Notes Payable**

**Business-Type Activities**

On December 1, 2023, the Arnett Public Facilities Authority finalized a loan with Oklahoma Water Resources Board for replacing water lines and lead service connections in the amount of \$997,000. The loan bears no stated interest rate. Principal amounts are forgivable in full if upon completion of the project, the Town has materially complied with the terms and conditions of the funding agreement.

\$ -0-

**TOWN OF ARNETT, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**Changes in Long-Term Debt**

<u>Type of Debt</u>	<u>Balance at July 1, 2023</u>	<u>Amount Issued</u>	<u>Amount Retired</u>	<u>Balance at June 30, 2024</u>	<u>Due Within One Year</u>
<b>Business-type activities:</b>					
Oklahoma Water Resources Board	\$ -	\$ 687,594	\$ 687,594	\$ -	\$ -
Total business-type activities	\$ -	\$ 687,594	\$ 687,594	\$ -	\$ -
<b>Total primary government</b>	<b>\$ -</b>	<b>\$ 687,594</b>	<b>\$ 687,594</b>	<b>\$ -</b>	<b>\$ -</b>

**Annual Debt Service Requirements**

<u>Year Ending June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ -	\$ -
2026	-	-
2027	-	-
2028	-	-
2029	-	-
2030-2034	-	-
Totals	<u>\$ -</u>	<u>\$ -</u>

**(4) REVENUES AND EXPENSES**

**Interfund Transfers**

**C. Interfund Balances**

Transfers within the Primary Government normally represent operating transfers from APFA to General Fund and the majority of the remainder of the transfers are for capital projects. There were no interfund transfers in FY24.

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>GENERAL FUND</b>		
Fire Fund	\$ -	\$ -
Cemetery Fund	-	-
Arnett Public Facilities Authority	-	-
Total General Fund	<u>-</u>	<u>-</u>
<b>FIRE FUND</b>		
General Fund	-	-
Total Fire Fund	<u>-</u>	<u>-</u>
<b>CEMETERY FUND</b>		
General Fund	-	-
Arnett Public Facilities Authority	-	-
Total Cemetery Fund	<u>-</u>	<u>-</u>
<b>ARNETT PUBLIC FACILITIES AUTHORITY (APFA)</b>		
General Fund	-	-
Fire Fund	-	-
Cemetery Fund	-	-
Total Arnett Public Facilities Authority	<u>-</u>	<u>-</u>
<b>GRAND TOTAL</b>	<b>\$ -</b>	<b>\$ -</b>

**(5) PENSION AND POST-EMPLOYMENT PLANS**

The Town participates in two employee pension systems as follows:

**A. Oklahoma Public Employees Retirement System**

The Town participated in OPERS, as state-wide cost sharing multiple-employer pension system which covers eligible employees of participating organizations that are not covered by other plans. All regular, permanent employees who work 1,000 or more hours in a year are eligible for participation in OPERS. Benefits vest after 8 years of service. Employees who retire at age 62 or after completion of six years of service, if later, are entitled to an annual retirement benefits, payable

**TOWN OF ARNETT, OKLAHOMA**  
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**JUNE 30, 2024**

monthly, equal to 2.0% of final average compensation multiplied by the number of years of credited services. Final average compensation is defined as the average of the three highest years' annual salary out of the last ten calendar years of service.

An employee is eligible for an early retirement benefit once he has attained age 55 and has completed ten years of service. The amount of benefit is determined based on the final average salary and credited service as of the date of termination. If benefit payments are to begin before age 65, the benefit is actuarially reduced. A late retirement benefit is computed in the same manner as a normal retirement based on average salary and credited service as of the termination of employment. A participant who becomes totally and permanently disabled after completion of eight year of service is entitled to a disability benefit computed as an early retirement benefit based on average salary and service as of the date of disability but without actuarial reduction for payments beginning prior to normal retirement age if the employee is also eligible for a disability benefit from Social Security.

OPERS issues a publically available financial report that can be obtained at [www.opers.ok.gov](http://www.opers.ok.gov).

For the year ended June 30, 2024, employees were required to contribute 4.5% of annual compensation. The Town contributed 15.5%.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPPRS**

At June 30, 2024, the Town reported a liability of \$40,421 for its proportionate share of the net pension liability. The net pension net pension liability was measured as of July 1, 2023, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. At June 30, 2024, the Town's proportion was 0.00883487 percent.

Changes to the actuarial valuation between the measurement date of the net pension asset and the Town's reporting dates are not expected to have a significant effect on the net pension asset.

For the year ended June 30, 2024, the Town recognized pension expense of \$24,181. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 1,109	\$ 621
Changes of assumptions	8,539	-
Net difference between projected and actual earnings on pension plan investments	33,601	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	-
Town contributions subsequent to the measurement date	27,830	-
Total	<u>\$ 71,079</u>	<u>\$ 621</u>

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2024	\$ 11,912
2025	1,692
2026	36,692
2027	(7,668)
Total	<u>42,628</u>

*Actuarial assumptions:* The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.5% to 9.25% per year including inflation
Investment rate of return	6.5 percent of net investment expenses per annum, compounded annually

Mortality rates were based on the Pub-2010 Below Median, General Membership Active/Retiree Healthy Mortality Table with base rates projected to 2030 using Scale MP-2019. Male rates are set back one year and female rates are set forward one year.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the three year period ended June 30, 2022.

**TOWN OF ARNETT, OKLAHOMA**  
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**JUNE 30, 2024**

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which the best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the July 1, 2022 experience study, are summarized in the following table:

	<b>Target Allocation</b>	<b>Long Term Expected Rate of Return</b>
US Large Cap Equity	34.0%	5.10%
US Small Cap Equity	6.0%	5.10%
Global Equity ex-US	28.0%	8.20%
Core Fixed Income	25.0%	1.90%
Long Term Treasuries	3.5%	2.10%
US TIPS	3.5%	1.8%
Total	100.0%	

*Discount rate:* The discount rate used to measure the total pension liability was 6.5% net of investment expenses for 2023. The projection of cash flows used to determine the discount rate assumed that contributions from System members and the employers will be made at the current contribution rate as set out in State statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected benefit payments of current System members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determined does not use a municipal bond rate.

*Pension plan fiduciary net position:* Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

*Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate:* The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.5 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5 percent) or 1-percentage-point higher (7.5 percent) than the current rate:

	<b>1% Decrease (5.5%)</b>	<b>Current Discount Rate (6.5%)</b>	<b>1% Increase (7.5%)</b>
Town's proportionate share of the net pension liability/(asset)	156,132	40,421	(56,871)

*Pension plan fiduciary net position:* Detailed information about the pension plan's fiduciary net position is available in the separately issued OMRF financial report.

**B. Oklahoma Firefighters Pension and Retirement System**

Plan Description

The Town of Arnett, as the employer, participates in the Firefighters Pension & Retirement- a statewide, cost-sharing, multiple-employer defined benefit plan administered by the Oklahoma Firefighters Pension and Retirement System (FPRS). FPRS issues a publically available financial report that can be obtained at [www.ok.gov/FPRS](http://www.ok.gov/FPRS).

Benefits Provided

The fire pension plan is administer by agencies of the State of Oklahoma. Benefit provisions for the authority are established by state statute. All full time or voluntary firefighters of a participating municipality are eligible to participate. Eligibility for full time benefits is 20 years of credited service for those hired prior to November 1, 2013 and 22 years of credited service for those hired after November 1, 2013 and age 50. Paid firefighters receive a monthly benefit equal to 50% of final average compensation. A firefighter with 20 years credited service has an additional option to participate in a deferred option plan for maximum of 5 years. There has been no change in benefit terms since prior measurement date.

Contributions

The State of Oklahoma has the authority to establish contribution obligations per state statute 11 O.S. Section 49.100 thru 49.143 et seq and are not based on actuarial calculations. Volunteer members have no contribution requirements; the Town contributes \$60 per year for each volunteer. Employees are required to contribute 9% of their annual pay. Participating cities/towns are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the Town were \$1,500.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPFRS

**TOWN OF ARNETT, OKLAHOMA**  
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**JUNE 30, 2024**

At June 30, 2024, the Town reported a liability of \$37,108 for its proportionate share of the net pension liability. The net pension net pension liability was measured as of July 1, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on the Town's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2023. The Town's proportion was 0.002876%.

For the year ended June 30, 2024, the Town recognized pension expense of \$6,334. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 4,414	\$ 47
Changes of assumptions	-	60
Net difference between projected and actual earnings on pension plan investments	12,117	9,669
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	1,625	-
<b>Total</b>	<b>\$ 18,156</b>	<b>\$ 9,776</b>

Other amounts reported deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2024	\$ 2,057
2025	691
2026	4,132
2027	(125)
2028	-
Thereafter	-
	<u>\$ 6,755</u>

**Actuarial assumptions:** The total pension liability was determined by an actuarial valuation as of July 1, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation:	2.75%
Wage inflation:	2.75%
Salary increases:	2.75% to 10.5% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Post Retirement COLA	Firefighters with 20 yrs of service as of May 26, 1983 receive an increase of ½ of the dollar Amount of a 2.75% assumed increase in pay

Mortality rates were based on the Pub-2010 Public Safety Table with generational mortality improvement using MP-2018.

The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by Oklahoma statutes. Projected cash flows also assume the State of Oklahoma will continue contributing an allocation of the insurance premium, as established by Oklahoma statute. Prior to July 1, 2020, the Plan was allocated 36% of the Statewide insurance premium tax. The State of Oklahoma has passed legislation that changes the allocation percentage as follows: 25.2% effective September 1, 2020, 36.0% effective July 1, 2021, 37.8% effective July 1, 2022, and 36.0% effective July 1, 2027.

The Plan will also receive \$40,625 each year from July 1, 2020 through June 30, 2027. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long-term expected rate of return on the Plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Long-term Expected Rate of Return and Target Allocations:** The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class.

**TOWN OF ARNETT, OKLAHOMA**  
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These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The inflation factor added back was 2.31% and 2.26% for 2022 and 2021. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	3.62%
Domestic equity	5.66%
International equity	8.34%
Real Estate	7.64%
Other assets	5.08%

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate: The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	<b>1% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
Town's proportionate share of the net pension liability	48,353	37,108	27,704

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS; which can be located at [www.ok.gov/fprs](http://www.ok.gov/fprs).

**Other Post-Employment Benefits**

For the year ended June 30, 2024, the Town provided no post-employment benefits (other than pension) to terminated employees.

**(6) COMMITMENTS AND CONTINGENCIES**

**A. Litigation**

The Town is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the Town and the State statute relating to judgments, the Town feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the Town.

**B. Grant Program Involvement**

In the normal course of operations, the Town 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. Any liability for reimbursement, which may arise as a result of these audits, cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.



**Town of Arnett, Oklahoma**  
**General Fund**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2024**

	Original Budget	Revisions	Revised Budget	Actual	Variance - Favorable (Unfavorable)
<b>REVENUES</b>					
Sales tax	\$ 212,268	\$ 250,824	\$ 463,092	\$ 463,092	\$ -
Use tax	31,730	114,867	146,597	146,597	-
Cigarette tax	1,343	1,544	2,887	2,887	-
Franchise Tax	25,499	-	25,499	25,480	(19)
Alcoholic beverage tax	39,777	2,352	42,129	42,128	(1)
Police fines & court fees	750	(450)	300	275	(25)
Charges for services	4,500	1,500	6,000	5,800	-
Intergovernmental revenues	88,955	(26,535)	62,420	71,003	8,583
Rentals, sales, miscellaneous	1,500	8,182	9,682	-	(9,682)
Oil & gas income	2,000	-	2,000	1,998	(2)
Licenses & permits	100	600	700	995	295
Interest Income	2,500	11,000	13,500	13,484	(16)
Total revenues	410,922	363,884	774,806	773,739	(867)
<b>EXPENDITURES</b>					
<u>General government:</u>					
General government:	240,928	14,975	255,903	232,933	22,970
Administration:	7,228	10,500	17,728	16,950	778
City Clerk/Treasurer:	72,282	-	72,282	62,207	10,075
City Attorney:	6,000	1,100	7,100	7,063	37
Total General government:	326,438	26,575	353,013	319,153	33,860
<u>Public safety and judiciary:</u>					
Police Department:	30,000	12,000	42,000	38,169	3,831
Fire Department:	12,000	47,000	59,000	55,260	3,740
Total	42,000	59,000	101,000	93,429	7,571
<u>Transportation:</u>					
Street:	84,832	20,000	104,832	70,570	34,262
Total	84,832	20,000	104,832	70,570	34,262
<u>Cultural, parks and recreation:</u>					
Park:	10,500	-	10,500	44	10,456
Total Cultural, parks and recreation:	10,500	-	10,500	44	10,456
<u>Public services</u>					
Cemetery:	500	-	500	-	500
Total Public services	500	-	500	-	500
Total expenditures	464,270	105,575	569,845	483,196	86,649
Revenue over (under) expenditures	(53,348)	258,309	204,961	290,543	85,782
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in/(out)	(17,000)	-	(17,000)	-	17,000
Net other financing sources (uses)	(17,000)	-	(17,000)	-	17,000
Revenues and other financing sources over (under) expenditures and other uses	(70,348)	258,309	187,961	290,543	102,782
Fund balance at beginning of year (Non-GAAP budgetary basis)	621,327		621,327	689,923	68,596
Fund balance at end of year (Non-GAAP budgetary basis)	\$ 550,979	\$ 258,309	\$ 809,288	\$ 980,466	\$ 171,378
<b>ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>					
Expense accruals				\$ (4,321)	
Revenue and transfer accruals				29,023	
Fund balance at end of year (GAAP basis)				\$ 1,005,168	

**Town of Arnett, Oklahoma**  
**Schedules of Required Supplementary Information**

**Oklahoma Fire Pension Retirement Plan**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Valuation date	7/1/2023	7/1/2022	7/1/2021	7/1/2020	7/1/2019	7/1/2018	7/1/2017	7/1/2016	7/1/2015	7/1/2014
Proportionate share	0.002876%	0.003366%	0.003298%	0.003471%	0.003465%	0.003602%	0.003769%	0.004137%	0.004235%	0.004334%
Proportionate share of the net pension liability (asset)	37,108	44,018	21,720	42,760	36,613	40,546	47,404	50,542	44,951	44,569
Proportionate share of the net pension liability (asset) of the State and other municipalities	1,290,213,340	1,307,690,453	658,544,767	1,231,870,535	1,056,629,390	1,125,605,885	1,257,676,247	1,221,663,965	1,061,363,298	1,028,303,274
<b>Total plan net pension liability (asset)</b>	<b>1,290,250,448</b>	<b>1,307,734,471</b>	<b>658,566,487</b>	<b>1,231,913,295</b>	<b>1,056,666,003</b>	<b>1,125,646,431</b>	<b>1,257,723,651</b>	<b>1,221,714,507</b>	<b>1,061,408,249</b>	<b>1,028,347,843</b>
Plan fiduciary net position as a percentage of the total pension liability	70.85%	69.48%	84.24%	69.98%	72.85%	70.73%	66.61%	64.87%	68.27%	68.12%
Covered payroll	9,896	11,032	10,334	11,054	10,663	10,917	10,744	11,320	11,457	11,770
Plan net pension liability as a percentage of covered payroll	374.98%	399.00%	210.18%	386.83%	343.36%	371.40%	441.21%	446.48%	392.35%	378.67%
<b>Schedule of Employer Contributions for Cost Sharing Plans (4):</b>										
Contractually Required Contribution (CRC) (5)	1,500	1,560	1,560	1,500	1,500	1,500	1,620	1,500	1,620	1,620
Contributions in Relation to CRC (6)	1,500	1,560	1,560	1,500	1,500	1,500	1,620	1,500	1,620	1,620
Contribution deficiency	-	-	-	-	-	-	-	-	-	-
Covered payroll	10,714	11,143	11,143	10,714	10,714	10,714	11,571	10,714	11,571	11,571
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

(1) Amounts presented above represent the City's proportionate share presented in Note 4A

(2) This schedule is presented to illustrate the requirement to show information for 10 years. However results for valuation dates before June 30, 2014 are not available. This information will be developed prospectively until eventually 10 years of information is available

(3) The proportionate share percentages is rounded for the annual financial report so amount may vary from actuals

(4) The amounts reported represent amounts paid and covered payroll for the fiscal year indicated

(5) Contractually required contribution amounts presented do not include amounts provided by the State of Oklahoma

**Town of Arnett, Oklahoma**  
**Schedules of Required Supplementary Information**

**SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**Oklahoma Public Employees Retirement System**

	<u>2024*</u>	<u>2023*</u>	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>
Valuation date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Town's portion of the net pension liability (asset)	0.00883487%	0.00784580%	0.00439387%	0.01134353%	0.01071537%	0.00903770%	0.00854978%
Town's proportionate share of the net pension liability (asset)	\$ 40,421	\$ 65,949	\$ (58,973)	\$ 101,203	\$ 14,272	\$ 17,627	\$ 46,226
Town's covered-employee payroll	\$ 134,914	\$ 122,125	\$ 69,070	\$ 179,753	\$ 171,561	\$ 152,606	\$ 153,110
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	29.96%	54.00%	-85.38%	56.30%	8.32%	11.55%	30.19%
Plan fiduciary net position as a percentage of the total pension liability	95.91%	92.24%	112.51%	91.59%	98.63%	97.96%	94.28%

\* The amount presented for each fiscal year were determined as of the fiscal year-end that occurred previous

**Schedules of Required Supplementary Information**

**SCHEDULE OF TOWN CONTRIBUTIONS**  
**Oklahoma Public Employees Retirement System**

	<u>2024*</u>	<u>2023*</u>	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>
Actuarially determined contribution	\$ 860	\$ 9,163	\$ 9,879	\$ 13,395	\$ 13,899	\$ 15,228	\$ 15,049
Contributions in relation to the actuarially determined contribution	<u>(26,173)</u>	<u>(22,216)</u>	<u>(12,098)</u>	<u>(31,181)</u>	<u>(28,260)</u>	<u>(23,399)</u>	<u>(23,043)</u>
Contribution deficiency (excess)	<u>\$ (25,313)</u>	<u>\$ (13,053)</u>	<u>\$ (2,219)</u>	<u>\$ (17,786)</u>	<u>\$ (14,361)</u>	<u>\$ (8,171)</u>	<u>\$ (7,994)</u>
Town's covered-employee payroll	\$ 134,914	\$ 122,125	\$ 69,070	\$ 179,753	\$ 171,561	\$ 152,606	\$ 153,110
Contributions as a percentage of covered-employee payroll	19.40%	18.19%	17.52%	17.35%	16.47%	15.33%	15.05%

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

To the Town Council  
Town of Arnett, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Arnett, Oklahoma, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Town of Arnett, Oklahoma's basic financial statements, and have issued our report thereon dated March 24, 2025.

**Report on Internal Control over Financial Reporting**

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

**Report on Compliance and Other Matters**

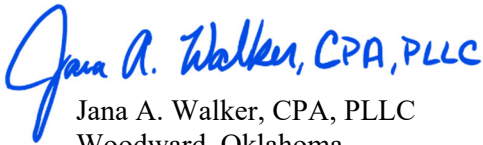
As part of obtaining reasonable assurance about whether Town of Arnett, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2024-001.

## **Town of Arnett, Oklahoma's Response to Findings**

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

### **Purpose of This Report**

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



Jana A. Walker, CPA, PLLC  
Woodward, Oklahoma  
March 24, 2025

**Town of Arnett, Oklahoma  
Schedule of Findings and Responses  
Year Ended June 30, 2024**

**FINDING 2024-001 Lack of Timely Filed Audit**

Condition: Audit report issued after allotted 180 days from year end.

Criteria: In accordance with Oklahoma State Statute 11 O.S. §17-105 -113;  
60 O.S. § 180.1-.3 the City shall furnish copies of the reports of the financial audit within 180 days after the end of each fiscal year.

Cause: Unavailable information to complete workpapers for auditor.

Effect or Potential Effect: State Statute violation that could result in the loss of funding such as gas excise tax.

Recommendation: Management should establish a well-defined process for financial reporting that includes overall timing and follow up procedures to ensure the established policies related to timing are adhered to.

Response: Management will make arrangements to have their records inspected quicker after year-end to ensure the timely completion of an audit. Additionally, follow-up procedures will be executed to ensure all parties have received the required information to complete audit procedures prior to the deadline.