

Town of Avant, Oklahoma

Annual Financial Report (unaudited)

For the Fiscal Year Ended June 30, 2022



FY2022

Town of Avant
June 30, 2022

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Board of Trustees

Shearl Brinson	Mayor/Chairman
Larry Massey	Trustee
Robert Standley	Trustee

Management

Karrie Gosney	Clerk/Treasurer
Chance Hansen	Fire Chief
Anthony Barrett	Police Chief
Jeremiah Glasco	Water Supervisor
Michael Kramer	Contractor for Gas System

Elfrink and Associates, PLLC

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Independent Accountant's Report

To the specified users of the report:

Town Board of Trustees, Town of Avant
Trustees of the Avant Utilities Authority
Oklahoma Office of the State Auditor and Inspector
Oklahoma Department of Commerce
Indian Nations Council of Governments (INCOG)

Management is responsible for the accompanying Summary of Changes in Fund Balances – Cash Basis of the Town of Avant ("Town") as of and for the year ended June 30, 2022, and the related Budgetary Comparison Schedule – Cash Basis – General Fund, Statement of Revenues, Expenses and Changes in Fund Balance – Cash Basis – Avant Utilities Authority ("Authority"), Schedule of Revenue Debt Service Coverage, and the Schedule of Grant Activity – Cash Basis for the year ended June 30, 2022, prepared in the format and using the basis of accounting, as prescribed by Oklahoma Statutes, that demonstrates compliance with the cash basis and budget laws of the State of Oklahoma applicable to municipalities and the presentation requirements prescribed in Oklahoma Statutes Title 11 § 17-105 and Title 60 § 180.1, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

Additionally, we have performed the procedures enumerated below, which were agreed to by the specified users of the report, as identified above, and as defined within the applicable state laws of the State of Oklahoma, solely to assist the Town and Authority in meeting its financial accountability requirements as prescribed by Oklahoma Statutes Title 11 § 17-105 and Title 60 § 180.1 and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2022. Management of the Town is responsible for the

Town's financial accountability and its compliance with those legal and contractual requirements. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures and Findings

As to the **Town of Avant** as of and for the fiscal year ended June 30, 2022:

1. **Procedures Performed:** From the Town's trial balances, we compiled a schedule of changes in fund balances for each fund (see accompanying Exhibit 1) and compared the schedule results to the statutory prohibition of creating fund balance deficits.
Findings: No fund balance deficits were noted. We did note that CDBG and ARPA funds were received and disbursed through the General Fund without amending the budget. Governmental funds are not permitted to exceed budgeted appropriations.
Suggestion: When additional funds are received that were not included in the original budget, a budget amendment should be presented to the Town Board for approval prior to obligating the funds. Regardless of funding source, actual expenditures and commitments should be compared to approved appropriations before additional spending commitments are made to assure that sufficient funds are available for the approved purpose.
2. **Procedures Performed:** From the Town's trial balances, we compiled a budget and actual financial schedule for the General Fund (see accompanying Exhibit 2) and determined compliance with the legal level of appropriations by comparing expenditures and encumbrances to authorized appropriations.
Findings: The Town complied with the legal level of appropriations.
3. **Procedures Performed:** We agreed the Town's material bank account balances to bank statements and traced significant reconciling items to subsequent clearance.
Findings: Material bank accounts included the general fund. All significant reconciling items cleared in a timely fashion.
4. **Procedures Performed:** We compared the Town's uninsured deposits to fair value of pledged collateral.
Findings: The Town's deposits were fully insured as of June 30, 2022.
5. **Procedures Performed:** We compared use of material-restricted revenues and resources to their restrictions.
Findings: Materially restricted revenues consist of fire, street and alley funds, and the Town's grants. No instances of noncompliance were noted regarding these restricted revenues.
6. **Procedures Performed:** We determined compliance with requirements for separate funds.
Findings: All required funds have been established.

As to the **Avant Utilities Authority**, as of and for the fiscal year ended June 30, 2022:

1. **Procedures Performed:** From the Authority's trial balances, we compiled a schedule of revenues, expenses, and changes in fund balance – cash basis – for the Authority (see accompanying Exhibit 3) and determined compliance with the applicable trust prohibition for creating fund balance deficits.
Findings: No instances of fund balance deficits were noted.
2. **Procedures Performed:** We agreed the Authority's material bank account balances to bank statements and traced significant reconciling items to subsequent clearance.
Findings: All significant reconciling items cleared in a timely fashion.
3. **Procedures Performed:** We compared the Authority's uninsured deposits to fair value of pledged collateral.
Findings: The Authority's deposits were fully insured or collateralized as of June 30, 2022.
4. **Procedures Performed:** We compared use of material-restricted revenues and resources to their restrictions.
Findings: No instances of noncompliance were noted regarding restricted revenues.
5. **Procedures Performed:** We determined compliance with requirements for separate funds.
Findings: All required funds have been established.
6. **Procedures Performed:** We determined compliance with reserve account and debt service coverage requirements of bond indenture findings. From the Authority's trial balances, we prepared a Schedule of Revenue Debt Service Coverage (see Exhibit 4) and compared the result to the Authority's net revenue coverage per the debt covenants.
Findings: The Avant Utility Authority failed to meet the debt covenant that requires the Authority to maintain a net revenue coverage of 125% of the annual debt service. The shortfall for the year was approximately \$23,148.
Recommendation: The Authority should increase the utility rates charged to customers and/or reduce expenses.

As to the Town of Avant and Avant Utilities Authority, as of and for the fiscal year ended June 30, 2022:

1. **Procedures Performed:** From the Town's and Authority's trial balances, we compiled a schedule of grant activity for each grant/contract (see accompanying Exhibit 5) and compared the receipts and disbursements to grant agreements and supporting information.
Findings: No instances of noncompliance were noted.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination, or review, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Elfrink and Associates, PLLC

Elfrink and Associates, PLLC

Tulsa, Oklahoma

December 28, 2022

Exhibit 1
Town of Avant and Avant Utilities Authority
Summary of Changes in Fund Balances – Cash Basis
For the Year Ended June 30, 2022
(unaudited)

	Balances 6/30/2021	Activity 7/1/2021 - 6/30/2022			Balances 6/30/2022
		Receipts	Disbursements	Transfers, net	
Town of Avant					
General Fund	\$ 29,935	\$ 620,414	\$ 610,768	\$ (22,229)	\$ 17,352
Total Town	<u>29,935</u>	<u>620,414</u>	<u>610,768</u>	<u>(22,229)</u>	<u>17,352</u>
Avant Utilities Authority					
Operating fund	43,596	295,042	315,935	22,229	44,932
Meter Deposit Fund	10,902	1,806	1,700	-	11,008
Total AUA	<u>54,498</u>	<u>296,848</u>	<u>317,635</u>	<u>22,229</u>	<u>55,940</u>
Total Town and Authority	<u>\$ 84,433</u>	<u>\$ 917,262</u>	<u>\$ 928,403</u>	<u>\$ -</u>	<u>\$ 73,292</u>

See accompanying accountant's report

Exhibit 2
Town of Avont
Budgetary Comparison Schedule – Cash Basis – General Fund
For the Year Ended June 30, 2022
(unaudited)

	Budgeted Amounts	Actual Amounts	Variance with Budget Positive (Negative)
Beginning general fund balance	\$ -	\$ 29,935	\$ 29,935
Revenues			
Sales tax	14,323	13,312	(1,011)
Franchise tax	5,821	6,045	224
Alcoholic beverage tax	14,762	15,222	460
Cigarette tax	96	103	7
Gasoline tax	499	542	43
Motor vehicle tax	2,392	2,400	8
Grant revenue	4,825	512,687	507,862
Police and fire dues	25,052	27,169	2,117
Fines and forfeitures	2,081	3,269	1,188
Miscellaneous income	7,876	39,636	31,760
Investment income	-	29	29
Total revenues	<u>77,727</u>	<u>620,414</u>	<u>542,687</u>
Expenditures:			
General government:			
Personal services	27,100	27,373	(273)
Materials and supplies	18,050	18,074	(24)
Capital outlay	-	505,629	(505,629)
Total general government	<u>45,150</u>	<u>551,076</u>	<u>(505,926)</u>
Police:			
Personal services	-	-	-
Debt service: lease payment	-	1,237	(1,237)
Materials and supplies	7,067	5,441	1,626
Total police	<u>7,067</u>	<u>6,678</u>	<u>389</u>
Fire:			
Materials and supplies	21,810	51,358	(29,548)
Total fire	<u>21,810</u>	<u>51,358</u>	<u>(29,548)</u>
Municipal court:			
Personal services	-	1,200	(1,200)
Materials and supplies	1,200	456	744
Total municipal court	<u>1,200</u>	<u>1,656</u>	<u>(456)</u>
Total expenditures	<u>75,227</u>	<u>610,768</u>	<u>(535,541)</u>
Transfers (to) from AUA, net	-	(22,229)	(22,229)
Ending general fund balance	<u>\$ 2,500</u>	<u>\$ 17,352</u>	<u>\$ 14,852</u>

See accompanying accountant's report

Exhibit 3
Town of Avant, Oklahoma
Avant Utilities Authority
Statement of Revenues, Expenses, and Change in Fund Balance – Cash Basis – Operating Fund
Fiscal Year Ended June 30, 2022
(unaudited)

Operating Revenues:

Charges for services:	
Gas	\$ 53,373
Water	109,591
Sewer	41,394
Trash	32,797
Penalties	7,331
Administrative fees	8,885
Ambulance fees	17,522
Other	24,072
Total operating revenues	<u>294,965</u>

Operating Expenses:

Administration	114,974
Gas	80,180
Water	28,989
Sewer	3,800
Trash	28,718
Ambulance	17,348
Capital outlay	8,998
Total operating expenses	<u>283,007</u>

Operating income 11,958

Non-operating Revenues (Expenses):

Investment income	77
Proceeds from debt issuance	
Debt service	(32,928)
Transfer from Town, net	22,229
Total non-operating revenues (expenses)	<u>(10,622)</u>

Change in fund balance 1,336

Total fund balance - beginning 43,596

Total fund balance - ending \$ 44,932

Fund balance classification:

Restricted for capital projects	-
Unrestricted	44,932
Total fund balance - ending	<u>\$ 44,932</u>

See accompanying accountant's report

Exhibit 4
Town of Avant, Oklahoma
Avant Utilities Authority
Schedule of Revenue Debt Service Coverage
Fiscal Year Ended June 30, 2022
(unaudited)

Ratio of net revenue to debt service	
Operating income	\$ 11,958
Capital outlay	8,998
Grant revenue (operating expense reimbursement)	
Investment income	<u>77</u>
Revenue available for debt service	<u><u>\$ 21,033</u></u>
Annual debt service	<u>\$ 35,345</u>
Coverage ratio	<u>-.60 to 1</u>
Debt covenants require a 1.25 to 1 coverage	\$ 44,181
Coverage surplus(deficit)	\$ (23,148)

See accompanying accountant's report

Exhibit 5
Town of Avant and Avant Utilities Authority
Schedule of Grant Activity – Cash Basis
For the Fiscal Year Ended June 30, 2022
(unaudited)

	CFDA#	Contract #	Award Amount	7/1/2021 - 6/30/2022		6/30/2022 Unexpended
				Receipts	Disbursements	
Grants - Federal Source						
<u>US Department of Housing and Urban Development</u>						
<i>Passed through Oklahoma Department of Commerce</i>						
Community Development Block Grant 2020	14.228	17797	450,000	429,345	427,525	20,655
<u>US Department of Treasury</u>						
<i>Passed through Oklahoma Office of Management and Enterprise Services</i>						
American Rescue Plan Act	21.027	ARPA	26,810	26,810	13,579	13,231
Total grants - federal source			476,810	456,155	441,104	33,886
Grants - State Source						
Oklahoma Department of Agriculture - Fire Operations	N/A	N/A	4,763	4,763	4,763	-
REAP - Generator Replacement	N/A	210104	40,000	14,045	14,045	25,955
REAP - Painting/Security at Water Storage	N/A	220125	40,000	37,724	37,724	2,276
Total grants - state source			84,763	56,532	56,532	28,231
Total Current Year Grant Activity			\$ 561,573	\$ 512,687	\$ 497,636	\$ 62,117

See accompanying accountant's report