

**Town of Bokchito, Oklahoma**

**Financial Statements and Report  
of Independent Accountants**

**As of and For the Year Ending  
June 30, 2023**

## Table of Contents

Report of Independent Accountant .....	1-2
<u>Government Wide Financial Statements</u>	
Statement of Net Position – Modified Cash Basis .....	3
Statement of Activities – Modified Cash Basis .....	4
<u>Fund Financial Statements</u>	
Balance Sheet- Modified Cash Basis – Governmental Funds .....	5
Statement of Revenues, Expenditures and Changes in in Fund Balances – Modified Cash Basis – Governmental Funds.....	6
Statement of Net Position-Proprietary Funds – Modified Cash Basis.....	7
Statement of Revenue over Expenditures and Changes in Retained Earnings-Proprietary Funds – Modified Cash Basis .....	8
Statement of Cash Flows – Modified Cash Basis.....	9
Notes to the Basic Financial Statements .....	10-15
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	16-17
Schedule of Findings & Questioned Costs .....	18

# Russell & Williams, CPAs, P.C.

Casey J. Russell, C.P.A., M.B.A.  
Autumn L. Williams, C.P.A., Esq.  
Eric J. Russell, C.P.A., Esq.

2812 NW 57<sup>th</sup> St. Suite 102  
Oklahoma City, OK 73112

405-607-8743

accountants@russellandwilliams.com

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Town of Bokchito, Oklahoma

### Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the Town of Bokchito, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Bokchito's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Bokchito, as of June 30, 2023, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

### Basis for Opinions

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

### Emphasis of Matter—Basis of Accounting

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

### Responsibilities of Management for the Financial Statements

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

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

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

Management has omitted the management's discussion & analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

### ***Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2024, on our consideration of the Town of Bokchito'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 Bokchito'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 Bokchito's internal control over financial reporting and compliance.



Oklahoma City, Oklahoma  
February 29, 2024

**Town of Bokchito**  
**Statement of Net Position - Modified Cash Basis - Government Wide**  
**For the Year Ended June 30, 2023**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current Assets:			
Cash in Bank: Unrestricted	300,272.16	140,569.41	440,841.57
Cash in Bank: Restricted		40,550.87	40,550.87
Total current assets	300,272.16	181,120.28	481,392.44
Noncurrent assets:			
Capital Assets	159,257.90	596,498.11	755,756.01
Total noncurrent assets	159,257.90	596,498.11	755,756.01
Total assets	\$ 459,530.06	\$ 777,618.39	\$ 1,237,148.45
<b>Liabilities</b>			
Current liabilities:			
Meter deposits	-	40,741.25	40,741.25
Current Portion of Long-Term Debt	-	12,938.41	12,938.41
Total current liabilities		53,679.66	53,679.66
Noncurrent Liabilities:			
Notes Payable Net of Current Portion	-	78,810.05	78,810.05
Total Liabilities		132,489.71	132,489.71
<b>Net Assets</b>			
Invested in capital assets, net of related debt	159,257.90	504,749.65	664,007.55
Unrestricted	300,272.16	140,569.41	440,841.57
Restricted		(190.38)	(190.38)
Total net assets	459,530.06	645,128.68	1,104,658.74
Total liabilities and net assets	\$ 459,530.06	\$ 777,618.39	\$ 1,237,148.45

The accompanying notes are an integral part of these financial statements.

**Town of Bokchito**  
**Statement of Activities - Modified Cash Basis - Government Wide**  
**For the Year Ending June 30, 2023**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Grants and Contributions	Governmental Activities	Business - Type Activities	
<b>Primary government</b>						
Governmental activities						
General government	150,302.38	-		(150,302.38)	-	(150,302.38)
Police Department	379,136.04	319,503.51	60,276.68	644.15	-	644.15
Fire Department	13,308.49	10,926.76	-	(2,381.73)	-	(2,381.73)
Street & Alley	59,965.06	-	-	(59,965.06)	-	(59,965.06)
Total governmental activities	602,711.97	330,430.27	60,276.68	(212,005.02)		(212,005.02)
<b>Business-type activities</b>						
Water Department	161,168.00	221,166.11	-	-	59,998.11	59,998.11
Sewer Department	68,955.41	114,938.33	-	-	45,982.92	45,982.92
Sanitation department	119,314.27	63,706.75	-	-	(55,607.52)	(55,607.52)
Other Business-Type Activities	76,660.55	10,433.21	-	-	(66,227.34)	(66,227.34)
Total business-type activities	426,098.23	410,244.40			(15,853.83)	(15,853.83)
Total primary government	<u>\$ 1,028,810.20</u>	<u>\$ 740,674.67</u>	<u>\$ 60,276.68</u>	<u>\$ (212,005.02)</u>	<u>\$ (15,853.83)</u>	<u>\$ (227,858.85)</u>

**General revenues:**

Sales & Use Taxes	294,022.90	-	294,022.90
Other Taxes	33,467.04	-	33,467.04
Other Income	7,197.43	-	7,197.43
Transfers	(13,477.68)	13,477.68	
Total general revenues	<u>321,209.69</u>	<u>13,477.68</u>	<u>334,687.37</u>
Change in net assets	109,204.67	(2,376.15)	106,828.52
Net assets - beginning	350,325.39	647,504.83	997,830.22
Net assets - ending	<u>\$ 459,530.06</u>	<u>\$ 645,128.68</u>	<u>\$ 1,104,658.74</u>

The accompanying note are an integral part of these financial statements.

**Town of Bokchito**  
**Balance Sheet - Modified Cash Basis - Governmental Funds**  
**For the Year Ended June 30, 2023**

	<u>General Fund</u>	<u>Municipal Court</u>	<u>Street &amp; Alley</u>	<u>Other Govt. Funds</u>	<u>Total</u>
<b>Assets</b>					
Cash in bank - unrestricted	72,974.47	148,329.53	63,922.76	15,045.40	300,272.16
Total assets	<u>\$ 72,974.47</u>	<u>\$ 148,329.53</u>	<u>\$ 63,922.76</u>	<u>\$ 15,045.40</u>	<u>\$ 300,272.16</u>
<b>Liabilities</b>					
<b>Fund Balances</b>					
Unassigned	72,974.47	148,329.53	63,922.76	15,045.40	300,272.16
Net assets	72,974.47	148,329.53	63,922.76	15,045.40	300,272.16
<b>Total liabilities and net assets</b>	<u>\$ 72,974.47</u>	<u>\$ 148,329.53</u>	<u>\$ 63,922.76</u>	<u>\$ 15,045.40</u>	<u>\$ 300,272.16</u>
 <b><i>Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities as of June 30, 2023</i></b>					
Total Governmental Fund Balances	72,974.47	148,329.53	63,922.76	15,045.40	300,272.16
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmentmmental activities are not financial resources and therefore are not reported in the fund financial statements.		58,937.03	100,320.87		159,257.90
Net Assets of Governmental Activities	<u>\$ 72,974.47</u>	<u>\$ 207,266.56</u>	<u>\$ 164,243.63</u>	<u>\$ 15,045.40</u>	<u>\$ 459,530.06</u>

The accompanying notes are an integral part of these financial statements.

**Town of Bokchito**  
**Statement of Revenues, Expenditures, and Changes in Net Assets - Modified Cash Basis - Governmental Funds**  
**For the Year Ending June 30, 2021**

	General Fund	Municipal Court	Street & Alley	Other Govt. Funds	TOTAL
<b>Revenues</b>					
Sales & Use Tax	294,022.90	-	-	-	294,022.90
Cigarette Tax	1,386.63	-	-	-	1,386.63
Gas and motor vehicle taxes	4,269.73	-	-	-	4,269.73
Alcoholic beverage taxes	6,598.57	-	-	-	6,598.57
Police Citations	-	319,503.51	-	-	319,503.51
Franchise Tax	21,212.11	-	-	-	21,212.11
Other revenues	61,293.37	4,989.00	1,191.74	10,926.76	78,400.87
Total revenues	388,783.31	324,492.51	1,191.74	10,926.76	725,394.32
<b>Expenditures</b>					
Debt Service	-	31,559.00	-	-	31,559.00
Capital Outlay	-	-	79,525.00	-	79,525.00
Payroll Expenses	28,123.11	229,793.95	-	-	257,917.06
Maintenance and Operations	122,179.27	118,678.15	59,177.84	13,308.49	313,343.75
Interest	-	921.94	-	-	921.94
Total expenditures	150,302.38	380,953.04	138,702.84	13,308.49	683,266.75
Transfers In (Out)	(206,613.28)	75,801.05	119,812.06	(2,477.51)	(13,477.68)
Net Change in Fund Balance	31,867.65	19,340.52	(17,699.04)	(4,859.24)	28,649.89
Beginning Fund Balance	41,106.82	128,989.01	81,621.80	19,904.64	271,622.27
Fund balance at end of year	\$ 72,974.47	\$ 148,329.53	\$ 63,922.76	\$ 15,045.40	\$ 300,272.16

***Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities for the Year Ending 06/30/23***

Net change in Fund Balance - governmental funds	31,867.65	19,340.52	(17,699.04)	(4,859.24)	28,649.89
<i>Depreciation expense is recorded in the government-wide financial statements but not recorded in the fund financial statements.</i>	-	(29,742.00)	(787.22)	-	(30,529.22)
<i>Capital Outlay is not an expenditure on the government-wide statements</i>	-	-	79,525.00	-	79,525.00
<i>Debt Service is not an expenditure on the government-wide statements</i>	-	31,559.00	-	-	31,559.00
Change in Government Wide Net Assets	\$ 31,867.65	\$ 21,157.52	\$ 61,038.74	\$ (4,859.24)	\$ 109,204.67

The accompanying notes are an integral part of these financial statements.

**Town of Bokchito**  
**Statement of Net Position - Modified**  
**Cash Basis - Proprietary Fund**  
**For the Year Ended June 30, 2023**

<b>Assets</b>	<u>Public Utility Authority</u>
Current Assets:	
Cash in Bank - Unrestricted	140,569.41
Cash in Bank - Restricted	<u>40,550.87</u>
Total Current Assets	181,120.28
Noncurrent assets:	
Net Capital Assets	<u>596,498.11</u>
Total Assets	<u>\$ 777,618.39</u>
<b>Liabilities</b>	
Current Liabilities:	
Notes Payable - Current Portion	12,938.41
Meter Deposits	<u>40,741.25</u>
Total Current Liabilities	53,679.66
Non-Current Liabilities:	
Notes Payable - Non-Current Portion	<u>78,810.05</u>
Total Liabilities	132,489.71
<b>Net Position</b>	
Invested in Capital Assets, Net of Related Debt	504,749.65
Restricted	(190.38)
Unrestricted	<u>140,569.41</u>
Total Net Position	<u>645,128.68</u>
Total Liabilities & Net Position	<u>\$ 777,618.39</u>

The accompanying notes are an integral part of these financial statements.

**Town of Bokchito**  
**Statement of Revenues, Expenses, and Changes in Fund Net**  
**Position - Modified Cash Basis - Proprietary Fund**  
**For the Year Ended June 30, 2023**

<b>Operating Revenues</b>	<u>Public Utility Authority</u>
Charges for Services:	
Sewer	221,166.11
Water	114,938.33
Sanitation	63,706.75
Other Revenues	<u>10,433.21</u>
Total Operating Revenues	410,244.40
 <b>Operating Expenses</b>	
Maintenance & Operations	147,416.33
Personal Services	202,021.35
Depreciation	<u>71,737.23</u>
Total Operating Expenses	<u>421,174.91</u>
Operating Income (Loss)	(10,930.51)
 <b>Nonoperating Revenues (Expenses)</b>	
Transfers from (to) Other Funds	13,477.68
Interest Expense	<u>(4,923.32)</u>
Total Nonoperating Revenues (Expenses)	8,554.36
 Change in Net Position	<u>(2,376.15)</u>
Net Position - Beginning	<u>647,504.83</u>
Net Position - Ending	<u><u>\$ 645,128.68</u></u>

The accompanying notes are an integral part of these financial statements.

**Town of Bokchito**  
**Statement of Cash Flows - Modified Cash Basis - Proprietary Fund**  
**For the Year Ended June 30, 2023**

	<u>Public Utility Authority</u>
<b>Cash Flows From Operating Activities</b>	
Receipts from Customers	410,244.40
Payments to Suppliers	(147,416.33)
Payments to Employees	(202,021.35)
Receipt (Refund) of Meter Deposits	<u>2,250.00</u>
Net Cash Provided (Used) by Operating Activities	63,056.72
 <b>Cash Flows from Capital and Related Financing Activities</b>	
Principal Paid on Capital Debt	(12,422.71)
Interest	(4,923.32)
Transfers from (to) Other Funds	<u>13,477.68</u>
Total Cash Flows from Capital and Related Financing Activities	(3,868.35)
 <b>Net Increase (Decrease) in Cash</b>	59,188.37
Beginning Balance	<u>121,931.91</u>
Ending Balance	<u><u>\$ 181,120.28</u></u>
 <i>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</i>	
Operating Income (Loss)	(2,376.15)
Depreciation Expense	71,737.23
Interest Expense	4,923.32
Transfers In (Out)	(13,477.68)
Receipt (Refund) of Meter Deposits	<u>2,250.00</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 63,056.72</u></u>

The accompanying notes are an integral part of these financial statements.

**Town of Bokchito, Oklahoma**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**Note 1-Summary of Significant Accounting Policies**

Financial Reporting Entity

The Town of Bokchito, Oklahoma is a statutory town Government under Oklahoma Statutes. The Town provides the following services: public safety, streets and highways, sanitation, public improvements, public works and general administrative services.

The criteria used to determine which accounting entities, agencies, commissions, boards and authorities are part of the Town's operations include how the budget is adopted, whether debt is secured by general obligation of the Town, the Town's duty to cover any deficits that may occur, and supervision over the accounting functions. Any separate accounting entities would be considered component units. There are no agencies, organizations or activities meeting any of the above criteria that are excluded from the Town's reporting entity. As of June 30, 2023, the Town had only one component unit, the Bokchito Public Utility Authority.

Basis of Presentation-Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The Town's funds are grouped into two governmental fund types, general funds and special revenue funds. Proprietary funds include enterprise funds. As of June 30, 2023, the Town had governmental funds consisted of the general fund, street & alley fund, municipal court fund, and fire department fund. The Bokchito Public Utility Authority was the only proprietary fund.

Basis of Accounting

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The statement of net assets and the statement of activities display information about the Town, the primary government, as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the modified cash basis of accounting. Revenues are recognized when collected and expenses are recognized when paid. This is the same approach used in the preparation of the proprietary fund financial statements. The fund financial statements also use the modified cash basis of accounting. The government-wide statements record fixed assets and long-term debt as assets and liabilities. The fund financial statements record fixed assets as expenditures. The fund financial statements records the proceeds of long term debt as a revenue and the repayment of long term debt as an expenditures. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect and program revenues for each segment of the business-type activities of the Town and for each governmental program. Direct expenses are those that are specifically associated

with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated among programs, functions and segments using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the Town.

## FUND FINANCIAL STATEMENTS

Fund financial statements report detailed information about the Town. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

## GOVERNMENTAL FUNDS

The governmental funds consist of the following:

General Fund – The General Fund is used to account for all of the general revenues of the Town not specifically levied or collected for other Town funds, and for expenditures primarily related to the rendering of general services to the Town.

Special Revenue Funds – Special Revenue Funds are established to account for revenues derived from specific taxes or other earmarked revenues. The following are classified as special revenue funds:

- Street & Alley Fund
- Firefighter Fund
- Municipal Court Fund

## PROPRIETARY FUNDS

The proprietary funds use standards issued by the Financial Accounting Standard Board whenever possible, if no FASB pronouncement is applicable, then Government Accounting Standards Board pronouncements are used

### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less for the date of acquisition. Restricted cash consists of monies held in conjunction with the Bokchito Public Works Authority's meter deposits requirements and various construction projects.

### Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances are not recognized as the equivalent of expenditures; therefore, the reserve for encumbrances is reported as part of the fund balance on

the balance sheet. However, it should be noted that the Town did not recognize any outstanding reserves as of June 30, 2023.

### Budget

In accordance with Oklahoma Statutes, Title 11, Section 3002, the Town Council formally adopts annual budgets which include substantially all funds. These annual budgets are adopted on a basis consistent with the guidelines established by the Oklahoma Municipal Budget Act.

### Risk Management

Significant losses are covered by commercial insurance for all Town operations.

### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Government-wide Proprietary Fund Net Assets

Government-wide and proprietary fund net assets are divided into three components:

- a. Invested in capital assets, net of related debt- consist of the historical cost of capital assets, loan proceeds that have not been spent less accumulated depreciation and less any debt that remains.
- b. Restricted net assets, consist of net assets that are restricted by the Town's creditors, by the state enabling legislation, by grantors and by other contributors.
- c. Unrestricted, all other net assets are reported in this category.

### Governmental Fund Balances

- a. Nonspendable, amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted, amounts that can be spent only for specific purposes because of the Town's ordinances, state or federal law, or externally imposed conditions by grantors or creditors.
- c. Committed, amounts that can be used only for specific purposes determined by a formal action by Board of Trustee's resolution.
- d. Assigned, amounts that are designated by the Board of Trustees

### Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net assets) the Town's policy is to first apply the expense toward the restricted resources and then toward unrestricted resources. In governmental funds, the town's policy is to first apply the expenditure toward restricted fund balances and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

**Note 2-Deposits with Financial Institutions**

The accounts of the Town are required by state law to be secured by collateral pledged by the financial institution and/or FDIC insurance. The Town of Bokchito is considered a separate entity from the Bokchito Public Works Authority for FDIC deposit insurance.

In accordance with GASB No. 3, deposits are to be classified into the following three categories:

1. Insured or collateralized with securities held by the entity or by its agent or in the entity's name (Referred to as category 1)
2. Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name. (Referred to as category 2)
3. Uncollateralized, including any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or agent but not in the entity's name. (Referred to as category 3)

All of the Town of Bokchito's government and enterprise fund cash and investment accounts would be considered as category 1 up to its FDIC limits of \$250,000 for the governmental funds and \$250,000 for the Bokchito Public Works Authority. The remaining funds would be category 3.

**Note 3-Capital Assets and Depreciation**

Capital Asset activity for the year ended June 30, 2023  
was as follows:

Governmental Funds

	Beginning Balance	Increases	Decreases	Ending Balance
Vehicles & Equipment	395,321.62	-	-	395,321.62
Street Signs & Equipment	23,616.74	-	-	23,616.74
Street Infrastructure	-	79,525.00	-	79,525.00
Total	418,938.36	79,525.00		498,463.36
Accumulated Depreciation	(308,676.24)	(30,529.22)		(339,205.46)
Net Assets	<u>\$ 110,262.12</u>			<u>\$ 159,257.90</u>

Depreciation is computed using the straight line method of depreciation over the estimated useful lives of the assets. Assets are recorded at cost or their estimated fair market value for those assets where recorded were not available. Depreciation was allocated as follows:

Police Vehicles & Equipment	29,742.00
Street Signs & Equipment	787.22
	<u>\$ 30,529.22</u>

Public Works Authority				
	Beginning Balance	Increases	Decreases	Ending Balance
Water & Sewer System	2,152,116.82	-	-	2,152,116.82
Equipment	143,324.59	-	-	143,324.59
Total	2,295,441.41	-	-	2,295,441.41
Accumulated Depreciation	(1,627,206.07)	(71,737.23)	-	(1,698,943.30)
Net Assets	\$ 668,235.34			\$ 596,498.11

Depreciation is computed using the straight-line method of depreciation over the estimated useful lives of the assets. Assets are recorded at cost or their estimated fair market value for those assets where recorded were not available.

#### Note 4- Notes Payable and other Long-Term Debt

On March 22, 1993, the Bokchito Public Utilities Authority entered into a loan agreement with The United States Department of Agriculture Rural Development. The loan amount was \$294,800 with a 40-year term, with a maturity date of March 22, 2033. The agreement calls for an interest rate of 5.0%, with only interest payments the first year and monthly payments of principal and interest of \$1,436. The note is secured by a mortgage on the land, equipment, and revenues of the water system, and is subject to the liens on the bonds above except for certain other mortgages described in the agreement.

Principal and interest required to amortize this obligation to maturity are as follows:

	Principal	Interest	2023 Activity	
2024	12,938.39	4,293.61	Beginning Balance	104,057.14
2025	13,600.36	3,631.64	Principal Paid	12,308.67
2026	14,296.18	2,935.82	Ending Balance	\$ 91,748.47
2027	15,027.62	2,204.38		
2028	15,796.44	1,435.56	Interest Expense	\$ 4,923.33
2029-2031	20,089.48	650.50		
	<u>\$ 91,748.47</u>	<u>\$ 15,151.51</u>		

The town entered into a lease-purchase agreement for several police vehicles on August 27, 2018 with a local financial institution. The amount financed was \$148,710. This obligation requires an annual payment of \$32,280.94, due on June 30 of each year through June 30, 2023. As of June 30, 2023, the balance on this obligation was \$0. It carries a nominal annual interest rate of 2.94%.

Principal and interest paid on this obligation for the year ending June 30, 2023 was as follows:

Principal Paid	<u>31,359</u>
Ending Balance	<u>\$ -</u>
Interest Paid	<u>\$ 922</u>

#### **Note 5-Subsequent Events**

Subsequent events have been evaluated through February 29, 2024, which is the date the financial statements were issued.

#### **Note 6-Risk Management**

The Town is exposed to various risks and loss related to torts; theft of, damage to, and destruction of assets; errors and omission; and natural disasters. Commercial insurance is used to cover general liability claims, worker, compensation and the risk of loss to Town buildings and mobile equipment. Judgment against the Town may be paid by a property tax assessment over a three-year period.

# Russell & Williams, CPAs, P.C.

Casey J. Russell, C.P.A., M.B.A.  
Autumn L. Williams, C.P.A., Esq.  
Eric J. Russell, C.P.A., Esq.

2812 NW 57<sup>th</sup> St. Suite 102  
Oklahoma City, OK 73112

405-607-8743

accountants@russellandwilliams.com

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

To the Board of Trustees  
Bokchito, 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 the Town of Bokchito, Oklahoma as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Bokchito, Oklahoma's basic financial statements and have issued our report thereon dated February 29, 2024.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Bokchito, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Bokchito, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Bokchito, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. Items 2023-1, 2023-2, 2023-3.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Bokchito, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our

tests disclosed 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 questioned costs as items.

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

Town of Bokchito, Oklahoma's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Bokchito, Oklahoma's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

A handwritten signature in black ink that reads "Russell & Williams CPAs PC". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma  
February 29, 2024

## **Schedule of Findings and Questioned Costs**

### **2023-1 Transfers**

**CONDITION:** During our audit we discovered that the Town makes an excessive number of bank transfers between its various accounts.

**CRITERIA:** Sound internal control policies limit the number of transactions to only those transactions necessary to conduct the operations of the entity.

**CAUSE OF CONDITION:** Unknown.

**EFFECT OF CONDITION:** Conducting so many transfers between accounts increases the likelihood of fraud or error, increasing the risk of one or more misstatements in the financial statements.

**RECOMMENDATION:** The entity should limit the number of transfers it makes between accounts, and should write checks from the respective accounts when possible instead of transferring funds from one account to the other.

**MANAGEMENT RESPONSE:** Management will consider the recommendation.

### **2023-2 Segregation of Duties**

**CONDITION:** The Town has the same employees performing work normally segregated between two or more employees, including recording cash receipts and disbursements, maintaining the general ledger and payroll.

**CRITERIA:** Proper internal control requires a separation of record keeping from the associated assets or a system of management oversight to compensate for the lack of separation.

**CAUSE OF CONDITION:** Limited personnel and the ability of one person to have absolute access.

**EFFECT OF CONDITION:** The Town is susceptible to having errors or fraud occur with regard to utility billings and ticket fine collections.

**RECOMMENDATION:** The Town should separate the billing function, collection function and the recording of payments received. The alternative would be for management to establish a system of oversight where daily collections are reconciled to funds recorded as received in the software. Another alternative would be for the town to institute a policy of not accepting cash at town hall. This alternative would significantly reduce the likely of fraud or error from occurring.

**MANAGEMENT RESPONSE:** Management will consider the recommendation.