

**TOWN OF BUFFALO, OKLAHOMA  
BUFFALO, OKLAHOMA**

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

**FOR THE YEAR ENDED  
JUNE 30, 2023**

**Town of Buffalo, Oklahoma**  
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**Year Ended June 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Town Council  
Town of Buffalo, 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, and each major fund of the Town of Buffalo, 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 Buffalo, 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, and each major fund of the Town of Buffalo, Oklahoma, as of June 30, 2023, 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 Buffalo, 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 Buffalo, 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 Buffalo, 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 Buffalo, Oklahoma's ability to continue as a going concern for a reasonable period of time.

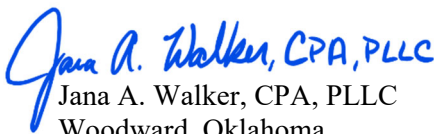
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and net pension schedules on pages 3–9 and 30–32 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 October 21, 2024, on our consideration of the Town of Buffalo, 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 Buffalo, 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 Buffalo, Oklahoma's internal control over financial reporting and compliance.

  
Jana A. Walker, CPA, PLLC  
Woodward, Oklahoma

October 21, 2024

Within this section, the Town of Buffalo's ("Town") management provides narrative discussion and analysis of the financial performance of the Town's for the fiscal year ended June 30, 2023. The Town's 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, 2023, the assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources by \$5,077,298 (net position). This compared to the previous year when assets exceeded liabilities by \$5,512,923.
- The Town's total net position is comprised of the following:
  - (1) Net investment in capital assets of \$2,461,303 includes 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 \$1,091,732 accounts for assets restricted for debt service and capital construction in accordance with debt offerings.
  - (3) Unrestricted net position of \$2,524,263 represent the portion available to maintain the Town's continuing obligations to citizens and creditors.
- The Town's governmental funds on the Statement of Revenues, Expenses and Changes in Fund Balances in Governmental Funds reported total ending fund balance of \$2,075,836. This compared to prior year ending fund balance of \$2,051,649, reporting an increase of \$24,187 or 1%.

## 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 resources available and whether the Town can continue to meet its objectives in the foreseeable future. Financial reporting at this level uses a perspective like 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 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 and sanitation, provided by the Town as well as the operation of the rock yard.

The Town's financial reporting entity includes the funds of the Town (primary government) and organization for which the Town is accountable (component units). More comprehensive information about the Town's component units can be found in footnotes.

### ***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. 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 and sanitation utilities and sales of rock and airplane fuel.

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 statement begin immediately following the basic financial statements.

### ***Other information***

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information detailing the combining statements of non-major governmental funds.

## A FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

### Net position

The Town's combined net position at June 30, 2023 was \$6,077,298. The Town reported positive balances in total net position for both governmental and business-type activities, reporting \$3.7 million and \$2.3 million, respectively. The Town's overall financial position improved during fiscal year 2023.

Summary of Net Position								
	Governmental Activities		Business-Type Activities		Total		Change	
	2023	2022	2023	2022	2023	2022	\$	%
Current assets	\$ 2,093,181	\$ 2,067,066	\$ 1,511,147	\$ 1,252,497	\$ 3,604,328	\$ 3,319,563	\$ 284,765	9%
Other assets	45,183	154,821	-	-	45,183	154,821	(109,638)	100%
Capital assets, net	1,482,309	1,142,997	4,384,911	4,554,176	5,867,220	5,697,173	170,047	3%
<b>Total assets</b>	<b>3,620,673</b>	<b>3,364,884</b>	<b>5,896,058</b>	<b>5,806,673</b>	<b>9,516,731</b>	<b>9,171,557</b>	<b>345,174</b>	<b>4%</b>
Deferred outflow of resources	271,275	77,793	-	-	271,275	77,793	193,482	249%
Current liabilities	17,345	15,417	158,880	118,690	176,225	134,107	42,118	31%
Non-current liabilities	-	-	3,379,820	3,440,841	3,379,820	3,440,841	(61,021)	-2%
<b>Total liabilities</b>	<b>17,345</b>	<b>15,417</b>	<b>3,538,700</b>	<b>3,559,531</b>	<b>3,556,045</b>	<b>3,574,948</b>	<b>(18,903)</b>	<b>-1%</b>
Deferred inflow of resources	154,663	161,479	-	-	154,663	161,479	(6,816)	-4%
Net position								
Net investment in capital assets	1,527,492	1,297,818	933,811	1,043,553	2,461,303	2,341,371	119,932	5%
Restricted	19,700	60,279	1,072,032	210,194	1,091,732	270,473	821,259	304%
Unrestricted	2,172,748	1,907,684	351,515	993,395	2,524,263	2,901,079	(376,816)	-13%
<b>Total net position</b>	<b>\$ 3,719,940</b>	<b>\$ 3,265,781</b>	<b>\$ 2,357,358</b>	<b>\$ 2,247,142</b>	<b>\$ 6,077,298</b>	<b>\$ 5,512,923</b>	<b>\$ 564,375</b>	<b>10%</b>

Total assets increased \$345 thousand or 4% during the fiscal year due to an increase in capital assets and investments held by the Town.

Liabilities remained consistent noting a decrease of 1% or \$19 thousand dollars. Scheduled payments were made on outstanding debt during the year.

The Town reported over \$5.9 million in capital assets with \$3.4 million remaining on debt used to finance their acquisition and construction.

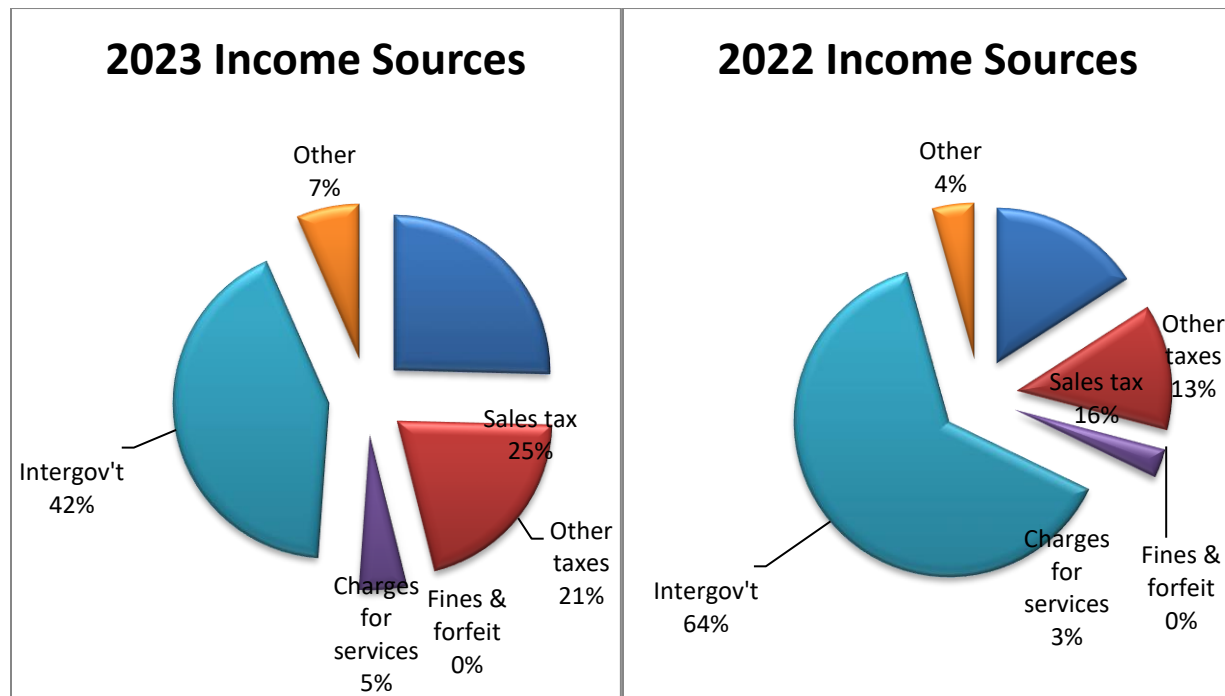
Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total		Change	
	2023	2022	2023	2022	2023	2022	\$	%
<b>Revenues</b>								
Program revenues	\$ 522,285	\$ 1,031,823	\$ 846,623	\$ 790,713	\$ 1,368,908	\$ 1,822,536	\$ (453,628)	-25%
Taxes and other general revenues	563,156	644,867	71,376	8,533	634,532	653,400	(18,868)	-3%
<b>Total revenues</b>	<b>1,085,441</b>	<b>1,676,690</b>	<b>917,999</b>	<b>799,246</b>	<b>2,003,440</b>	<b>2,475,936</b>	<b>(472,496)</b>	<b>-19%</b>
<b>Expenses</b>								
General government	218,646	211,972	-	-	218,646	211,972	6,674	3%
Public safety and judiciary	63,463	67,296	-	-	63,463	67,296	(3,833)	-6%
Transportation	93,981	85,236	-	-	93,981	85,236.00	8,745	10%
Cultural, parks, and recreation	186,599	168,416	-	-	186,599	168,416	18,183	11%
Economic development	56,593	51,674	-	-	56,593	51,674	4,919	10%
Water	-	-	577,674	468,667	577,674	468,667	109,007	23%
Sewer	-	-	73,150	73,456	73,150	73,456	(306)	0%
Sanitation	-	-	147,368	142,900	147,368	142,900	4,468	3%
Customer service	-	-	21,591	21,278	21,591	21,278	313	1%
<b>Total expenses</b>	<b>619,282</b>	<b>584,594</b>	<b>819,783</b>	<b>706,301</b>	<b>1,439,065</b>	<b>1,290,895</b>	<b>148,170</b>	<b>11%</b>
Excess (deficiency) before transfers	\$ 466,159	\$ 1,092,096	\$ 98,216	\$ 92,945	\$ 564,375	\$ 1,185,041	\$ (620,666)	-52%
Transfer to other governments	-	-	-	-	-	-	-	100%
Transfers	(12,000)	-	12,000	-	-	-	-	0%
<b>Increase (decrease) in net position</b>	<b>\$ 454,159</b>	<b>\$ 1,092,096</b>	<b>\$ 110,216</b>	<b>\$ 92,945</b>	<b>\$ 564,375</b>	<b>\$ 1,185,041</b>	<b>\$ (620,666)</b>	<b>-52%</b>

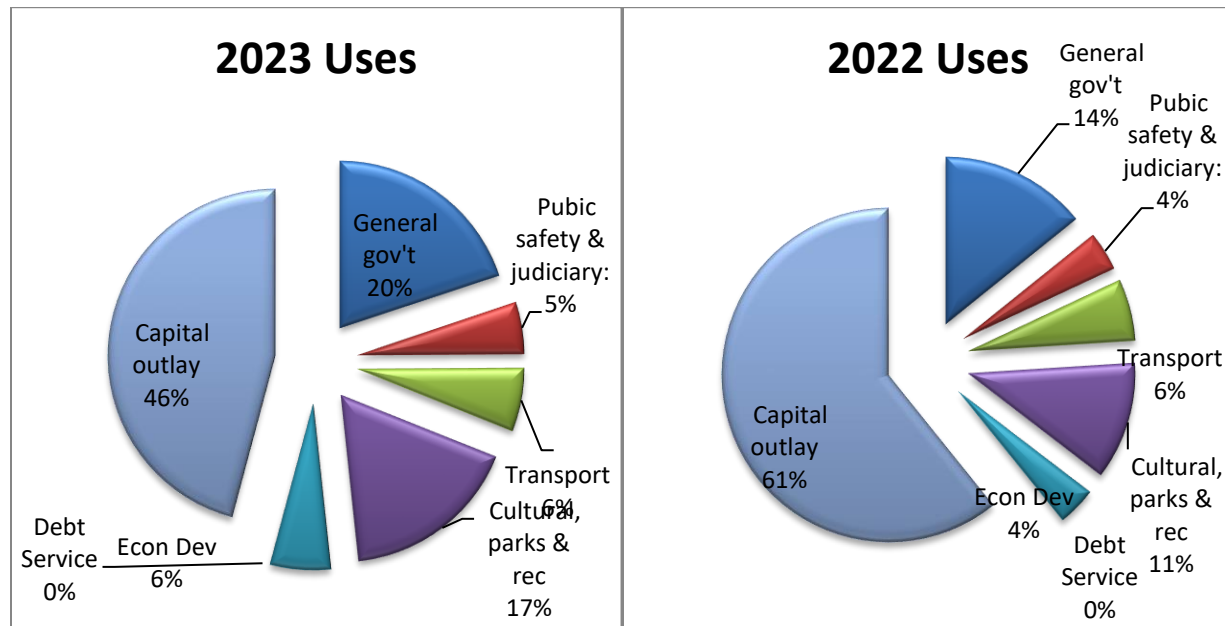
The Town reported an increase in net position in both governmental and business-type activities, \$454,159 and \$110,216, respectively. All tax revenues noted a moderate increase during the fiscal year.



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



Income sources shifted between fiscal years due to the influx of street grant funding in the current year. Grant funding provided over 42% of the income for governmental funds during the year compared to 64% from the airport federal grant funding in prior year. Taxes provided 25% of the Town's governmental revenues in 2023 compared to 16% in fiscal year 2022. Taxes include sales tax, use tax, franchise tax, alcoholic beverage tax, and cigarette tax.

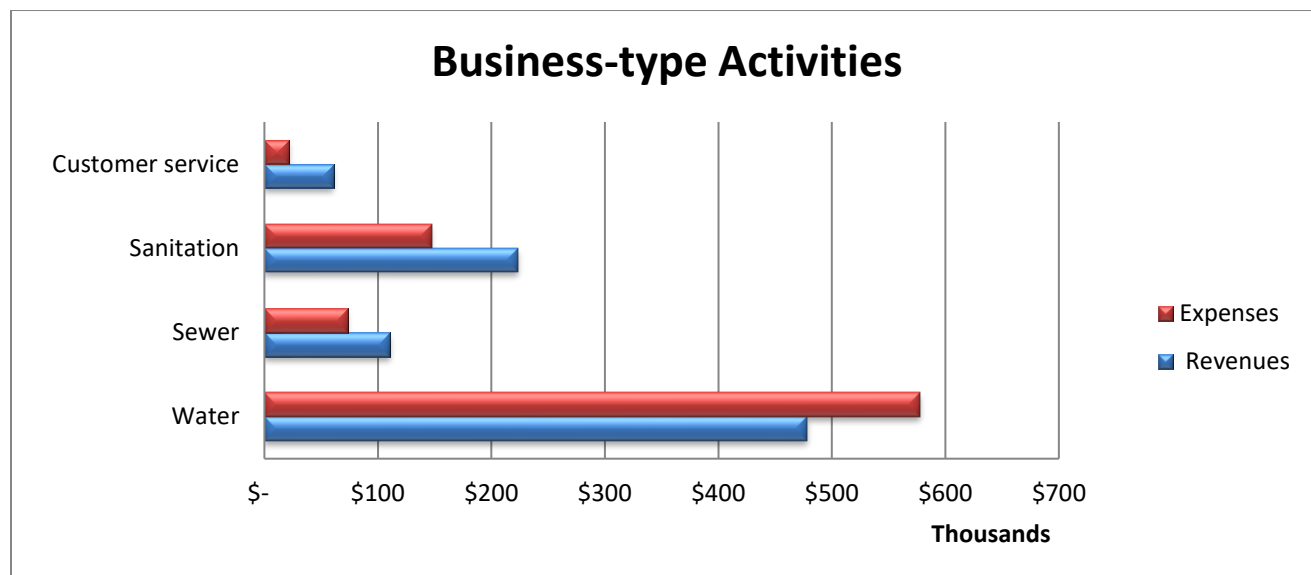


For the year ended June 30, 2023, total expenses for governmental activities were \$968,594 compared to \$1,363,209 in fiscal year 2022. Capital improvement costs were the main factor in this increase. General government expenses at \$192,869 were consistent with prior year's cost of \$193,424. These costs, as well as all other governmental activity expenses, were primarily funded by tax revenues. 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**

The following is a graphic representation of business-type expenses as a percentage of revenues for the major departments of the Town's enterprise funds:



Business-type activities are shown comparing operating costs to operating 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.

### **General Fund Budgetary Highlights**

The original adopted General Fund budget for fiscal year 2023 was \$1,070,695. During the fiscal year, the Town approved budget amendments totaling \$19,081 for a total budget of \$1,051,614. Total expenditures for the Town were \$911,897, which is \$139,717 less than the approved budget. The Town complied all budget laws and regulations.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of June 30, 2023, the Town had \$2,461,303 net investment in capital assets, including vehicles and equipment for police and fire operations, street improvements, and park facilities, in governmental activities and utility improvements/infrastructure in business-type activities. Refer to the table below.

Primary Government Capital Assets						
	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Land and construction in progress	\$ 851,698	\$ 801,798	\$ 22,493	\$ 7,943	\$ 874,191	\$ 809,741
Buildings	104,868	116,090	-	-	104,868	116,090
Machinery & equipment	158,026	111,549	219,110	172,500	377,136	284,049
Improvements	367,717	103,560	4,143,308	4,373,733	4,511,025	4,477,293
Total capital assets, net	\$ 1,482,309	\$ 1,132,997	\$ 4,384,911	\$ 4,554,176	\$ 5,867,220	\$ 5,687,173

### Long-Term Debt

At year-end, the Town had \$3,379,820 in long-term debt outstanding. The Town's changes in long-term debt by type of debt are as follows:

Primary Government Long-Term Debt		
	Business-type	
	Activities	
	2023	2022
Notes payable	\$ 3,451,100	\$ 3,510,623
Pension obligation	-	-
less current portion	(71,280)	(69,782)
Total long term debt	\$ 3,379,820	\$ 3,440,841

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

According to the Oklahoma State University, Spears School of Business, Economic Outlook 2023 Summer Update "The state and national economies have recovered from the damage wrought by the COVID-19 pandemic. While income and output have long since risen above their pre-pandemic levels, in large part spurred by massive fiscal and monetary stimulus, state and national employment are just now returning to pre-pandemic levels. Yet, although the major economic aggregates have recovered, the economy has not fully returned to pre-pandemic form." The Town has continued to be proactive in unknown changes resulting from the pandemic in the upcoming year as well as providing a strong foot forward in the future of this community.

#### Fiscal Year 2024 Planning

The Town of Buffalo has approved a budget for the municipal entity that addresses the current and future needs of the community. For a copy of the most recent budget, please contact Town Hall.

### **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 Town Hall 610 N Hoy St. Buffalo, Oklahoma.

**Town of Buffalo, Oklahoma**  
**Statement of Net Position**  
**June 30, 2023**

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Current assets:			
Cash and cash equivalents	\$ 347,326	\$ 396,835	\$ 744,161
Investments, including time deposits	1,686,985	-	1,686,985
Taxes receivable	39,170	-	39,170
Grant receivable	-	-	-
Accounts receivable (net)	-	1,865	1,865
Total current assets	<u>2,073,481</u>	<u>398,700</u>	<u>2,472,181</u>
Restricted assets:			
Cash and cash equivalents	7,625	56,880	64,505
Investments, including time deposits	12,075	1,055,567	1,067,642
Total restricted assets	<u>19,700</u>	<u>1,112,447</u>	<u>1,132,147</u>
Noncurrent assets:			
Pension asset	45,183	-	45,183
Land and construction in progress	851,698	22,493	874,191
Other capital assets (net of accumulated depreciation)	630,611	4,362,418	4,993,029
Total noncurrent assets	<u>1,527,492</u>	<u>4,384,911</u>	<u>5,912,403</u>
Total assets	<u>\$ 3,620,673</u>	<u>\$ 5,896,058</u>	<u>\$ 9,516,731</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred charges on pension obligations	<u>271,275</u>	<u>-</u>	<u>271,275</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 760	\$ 38,357	\$ 39,117
Salaries and benefits payable	17,228	8,185	25,413
Due to other funds	(643)	643	-
Note payable, current	-	71,280	71,280
Total current liabilities	<u>17,345</u>	<u>118,465</u>	<u>135,810</u>
Liabilities payable from restricted assets:			
Customer deposits payable	-	40,415	40,415
Total liabilities payable from restricted assets	<u>-</u>	<u>40,415</u>	<u>40,415</u>
Noncurrent liabilities:			
Pension liability	-	-	-
Note payable, non-current	-	3,379,820	3,379,820
Total noncurrent liabilities	<u>-</u>	<u>3,379,820</u>	<u>3,379,820</u>
Total liabilities	<u>17,345</u>	<u>3,538,700</u>	<u>3,556,045</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred charges on pension obligations	<u>154,663</u>	<u>-</u>	<u>154,663</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,527,492	933,811	2,461,303
Restricted	19,700	1,072,032	1,091,732
Unrestricted	2,172,748	351,515	2,524,263
Total net position	<u>\$ 3,719,940</u>	<u>\$ 2,357,358</u>	<u>\$ 6,077,298</u>

**Town of Buffalo, Oklahoma**  
**Statement of Activities**  
**Year Ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Governmental activities:					
General government:					
General government	\$ 218,646	\$ 19,614	\$ 258,106	\$ -	\$ 59,074
Total general government	218,646	19,614	258,106	-	59,074
Public safety and judiciary:					
Fire	33,708	-	22,472	-	(11,236)
Code enforcement	17,696	-	-	-	(17,696)
Animal control	12,059	-	-	-	(12,059)
Total public safety and judiciary	63,463	-	22,472	-	(40,991)
Transportation:					
Airport	7,077	2,880	-	6,859	2,662
Street	86,904	-	9,359	134,489	56,944
Total transportation	93,981	2,880	9,359	141,348	59,606
Cultural, parks and recreation:					
Park	24,211	1,350	-	-	(22,861)
Golf course	114,012	41,848	-	-	(72,164)
Swimming pool	14,469	5,666	-	-	(8,803)
Cemetery	1,530	2,250	-	-	720
Library	32,377	833	16,559	-	(14,985)
Total cultural, parks and recreation	186,599	51,947	16,559	-	(118,093)
Economic development:					
Economic development	56,593	-	-	-	(56,593)
Total economic development	56,593	-	-	-	(56,593)
Total governmental activities	619,282	74,441	306,496	141,348	(96,997)
Business-type activities:					
Utility services:					
Water	577,674	478,341	34,000	-	(65,333)
Sewer	73,150	110,771	-	-	37,621
Sanitation	147,368	223,511	-	-	76,143
Customer service	21,591	-	-	-	(21,591)
Total business-type activities	819,783	812,623	34,000	-	26,840
<b>Total primary government</b>	<b>\$ 1,439,065</b>	<b>\$ 887,064</b>	<b>\$ 340,496</b>	<b>\$ 141,348</b>	<b>\$ (70,157)</b>

**Town of Buffalo, Oklahoma**  
**Statement of Activities (continued)**  
**Year Ended June 30, 2023**

**Changes in Net Position:**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Net (expense)/revenue	\$ (96,997)	\$ 26,840	\$ (70,157)
General revenues:			
Taxes:			
Sales tax	255,170	-	255,170
Use tax	66,166	-	66,166
Franchise taxes	54,834	-	54,834
Alcoholic beverage tax	85,214	-	85,214
Cigarette tax	1,714	-	1,714
Investment income	530	10,529	11,059
Royalties	2,848	-	2,848
Miscellaneous	16,020	60,847	76,867
Changes in pension obligation	80,660	-	80,660
Transfers - Internal activity, net	(12,000)	12,000	-
Total general revenues and transfers	551,156	83,376	634,532
 <b>Change in net position</b>	 454,159	 110,216	 564,375
 <b>Net position-beginning</b>	 3,265,781	 2,247,142	 5,512,923
<b>Net position-ending</b>	<u>\$ 3,719,940</u>	<u>\$ 2,357,358</u>	<u>\$ 6,077,298</u>

**Town of Buffalo, Oklahoma**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

	<b>General Fund</b>	<b>Fire Fund</b>	<b>Golf Fund</b>	<b>Cemetery Care Fund</b>	<b>Library Fund</b>	<b>Library Grant Fund</b>	<b>Airport Grant Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>								
Cash	\$ 310,202	\$ 27,638	\$ 9,486	\$ -	\$ -	\$ -	\$ -	\$ 347,326
Investments, including time deposits	1,686,985	-	-	-	-	-	-	1,686,985
Restricted cash	-	-	-	7,625	-	-	-	7,625
Restricted investments	-	-	-	12,075	-	-	-	12,075
Taxes receivable	39,170	-	-	-	-	-	-	39,170
Grant receivable	-	-	-	-	-	-	-	-
Due from other funds	6,368	-	-	-	-	-	71,503	77,871
Total assets	<u>\$ 2,042,725</u>	<u>\$ 27,638</u>	<u>\$ 9,486</u>	<u>\$ 19,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,503</u>	<u>\$ 2,171,052</u>
<b>LIABILITIES</b>								
Accounts payable	\$ 367	\$ 393	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 760
Salaries and benefits payable	16,734	-	-	-	-	-	-	16,734
Due to other funds	77,228	-	-	-	-	-	-	77,228
Payroll liabilities	494	-	-	-	-	-	-	494
Total liabilities	<u>94,823</u>	<u>393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,216</u>
<b>FUND BALANCES</b>								
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	19,700	-	-	-	19,700
Committed	-	-	-	-	-	-	-	-
Assigned	-	27,245	9,486	-	-	-	-	36,731
Unassigned	<u>1,947,902</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,503</u>	<u>2,019,405</u>
Total fund balances	<u>1,947,902</u>	<u>27,245</u>	<u>9,486</u>	<u>19,700</u>	<u>-</u>	<u>-</u>	<u>71,503</u>	<u>2,075,836</u>
Total liabilities and fund balances	<u>\$ 2,042,725</u>	<u>\$ 27,638</u>	<u>\$ 9,486</u>	<u>\$ 19,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,503</u>	<u>\$ 2,171,052</u>
Total fund balance- total governmental funds								\$ 2,075,836
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, therefore, are not reported in the funds:								
Land and construction in process							851,698	
Capital assets							3,131,365	
Less: Accumulated depreciation							(2,500,754)	1,482,309
Certain long-term liabilities are not due and payable from current financial resources and therefore, are not reported in the funds:								
Net pension deferred outflows/(inflows)							116,612	
Pension (liability)/asset							45,183	161,795
Net position of governmental activities								<u>\$ 3,719,940</u>

**Town of Buffalo, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2023**

	General Fund	Fireman's Fund	Golf Fund	Cemetery Care Fund	Library Fund	Library Grant Fund	Airport Grant Fund	Total Governmental Funds
<b>REVENUES</b>								
Sales tax	\$ 255,170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 255,170
Use tax	66,166	-	-	-	-	-	-	66,166
Beverage tax	85,214	-	-	-	-	-	-	85,214
Franchise taxes	54,834	-	-	-	-	-	-	54,834
Cigarette tax	1,714	-	-	-	-	-	-	1,714
Licenses and permits	2,609	-	-	-	-	-	-	2,609
Fines and forfeitures	441	-	-	-	-	-	-	441
Investment income	185	173	-	90	82	-	-	530
Charges for services	8,135	-	41,848	172	-	-	-	50,155
Rental income	24,084	-	-	-	-	-	-	24,084
Intergovernmental	401,954	10,053	-	-	-	6,322	6,859	425,188
Donations	10,237	12,419	-	-	-	-	-	22,656
Royalties	-	-	-	-	-	-	-	-
Miscellaneous	16,019	-	-	-	-	-	-	16,019
Total revenues	926,762	22,645	41,848	262	82	6,322	6,859	1,004,780
<b>EXPENDITURES</b>								
General government:								
General government	192,869	-	-	-	-	-	-	192,869
Total general government	192,869	-	-	-	-	-	-	192,869
Public safety and judiciary:								
Fire	6,628	11,894	-	-	-	-	-	18,522
Code enforcement	17,696	-	-	-	-	-	-	17,696
Animal control	12,059	-	-	-	-	-	-	12,059
Total public safety and judiciary	36,383	11,894	-	-	-	-	-	48,277
Transportation:								
Airport	5,769	-	-	-	-	-	-	5,769
Street	53,661	-	-	-	-	-	-	53,661
Total transportation	59,430	-	-	-	-	-	-	59,430
Cultural, parks and recreation:								
Park	18,509	-	-	-	-	-	-	18,509
Golf course	63,269	-	38,421	-	-	-	-	101,690
Swimming pool	14,469	-	-	-	-	-	-	14,469
Cemetery	1,530	-	-	-	-	-	-	1,530
Library	24,722	-	-	-	-	6,382	-	31,104
Total cultural, parks and recreation	122,499	-	38,421	-	-	6,382	-	167,302
Economic development:								
Economic development	56,593	-	-	-	-	-	-	56,593
Total economic development	56,593	-	-	-	-	-	-	56,593
Capital outlay	444,123	-	-	-	-	-	-	444,123
Debt service								
Principle	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	911,897	11,894	38,421	-	-	6,382	-	968,594
Excess (deficiency) of revenues over expenditures	14,865	10,751	3,427	262	82	(60)	6,859	36,186
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	169,491	-	-	-	-	-	-	169,491
Transfers out	(134,489)	-	-	(5,052)	(28,722)	-	(13,227)	(181,490)
Total other financing sources and uses	35,002	-	-	(5,052)	(28,722)	-	(13,227)	(11,999)
Net change in fund balances	49,867	10,751	3,427	(4,790)	(28,640)	(60)	(6,368)	24,187
Fund balances - beginning	1,898,035	16,494	6,059	24,490	28,640	60	77,871	2,051,649
Fund balances - ending	\$ 1,947,902	\$ 27,245	\$ 9,486	\$ 19,700	\$ -	\$ -	\$ 71,503	\$ 2,075,836



**Town of Buffalo, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2023**

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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	\$ 24,187
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	444,123
Depreciation expense	(94,811)

In the statement of activities, the cost of pension benefits earned net of  
employee contributions are reported as an component of pension expense.  
The fund financial statements report pension contributions as expenditures.

80,660
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Change in Net Position of Governmental Activities	<u>\$ 454,159</u>
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**Town of Buffalo, Oklahoma**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2023**

	<b>Public Works Authority</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 396,835
Accounts receivable (net)	1,865
Grant receivable	-
Due from other funds	-
Prepaid Assets	-
Total current assets	<u>398,700</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	56,880
Investments	1,055,567
Total restricted assets	<u>1,112,447</u>
Noncurrent assets:	
Capital assets (net)	<u>4,384,911</u>
Total noncurrent assets	<u>4,384,911</u>
<b>Total assets</b>	<u><u>\$ 5,896,058</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 38,357
Salaries and benefits payable	7,911
Payroll liabilities	274
Due to other funds	643
Note payable, current	71,280
Bonds payable, current	-
Total current liabilities	<u>118,465</u>
Liabilities payable from restricted assets:	
Customer deposits payable	40,415
Total liabilities payable from restricted assets	<u>40,415</u>
Noncurrent liabilities:	
Note payable, non-current	3,379,820
Bonds payable, non-current	-
Total noncurrent liabilities	<u>3,379,820</u>
<b>Total liabilities</b>	<u><u>3,538,700</u></u>
<b>NET POSITION</b>	
Net investment in capital assets	933,811
Restricted	1,072,032
Unrestricted	<u>351,515</u>
<b>Total net position</b>	<u><u>\$ 2,357,358</u></u>

**Town of Buffalo, Oklahoma**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2023**

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	<b>Public Works Authority</b>
<b><u>Operating revenues:</u></b>	
Charges for services:	
Water charges	\$ 478,341
Sewer charges	110,771
Sanitation charges	223,511
Total charges for services	<u>812,623</u>
Miscellaneous	60,847
Total operating revenues	<u>873,470</u>
<b><u>Operating expenses:</u></b>	
Personal services	186,642
Materials and supplies	114,013
Other services and charges	170,212
Depreciation and amortization	274,891
Total operating expenses	<u>745,758</u>
Net operating income	\$ 127,712
<b><u>Nonoperating revenue (expense):</u></b>	
Investment income	10,529
Grant income	34,000
Bad debt	-
Interest expense	(74,025)
Total nonoperating revenue (expense)	<u>(29,496)</u>
<b>Net Income before contributions and transfers</b>	98,216
Transfers to other funds, net	<u>12,000</u>
<b>Change in net position</b>	110,216
Net position-beginning of year	<u>2,247,142</u>
Net position-end of year	<u><u>\$ 2,357,358</u></u>

**Town of Buffalo, Oklahoma**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2023**

	<b>Public Works Authority</b>
<b><u>Cash flows from operating activities:</u></b>	
Receipts from customers	\$ 873,134
Payments to suppliers	(247,900)
Payments to employees	(187,558)
<b>Net cash provided (used) by operating activities</b>	<b>437,676</b>
<b><u>Cash flows from non-capital financing activities:</u></b>	
Transfers to other funds	12,000
<b>Net cash provided (used) by non-capital financing activities</b>	<b>12,000</b>
<b><u>Cash flows from capital and related financing activities:</u></b>	
Purchase of capital assets	(90,626)
Issuance of capital debt	218,000
Principal paid on capital debt	(59,523)
Interest paid on capital debt	(74,025)
Capital grants	34,000
<b>Net cash provided (used) by capital and related financing activities</b>	<b>27,826</b>
<b><u>Cash flows from investing activities:</u></b>	
Purchase of investments	(1,249,828)
Investment income	10,529
<b>Net cash provided (used) by investing activities</b>	<b>(1,239,299)</b>
Net increase (decrease) in cash and cash equivalents	(761,797)
Cash and cash equivalents, beginning of the year	1,215,512
Cash and cash equivalents, end of the year	<b>\$ 453,715</b>
Cash, including time deposits	\$ 396,835
Restricted cash, including time deposits	56,880
Total cash and cash equivalents, end of year	<b>\$ 453,715</b>
<b><u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u></b>	
Operating income (loss)	\$ 127,712
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	274,891
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(336)
Increase (decrease) in accounts payable	36,325
Increase (decrease) in wages & benefits payable	(916)
<b>Net cash provided (used) by operating activities</b>	<b>\$ 437,676</b>

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

The accounting and reporting framework and the more significant accounting principles and practices of the Town of Buffalo, Oklahoma ("Town") are discussed in subsequent sections 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, 2023. The Town operates under a charter with a Council-Manager form of government.

**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.

**Major Proprietary Funds**

Buffalo Public Works Authority

Accounts for the operating activities of the water, sewer, and sanitation utilities of the Town. The Town Board serves as the trustees of the Authority. The Buffalo Public Works Authority was established in June 1981 and amended in March 1999.

Due to restrictions of the state constitution relating to the issuance of municipal debt, public trusts are created to finance Town services with revenue bonds or other non-general obligation financing and provide for multi-year contracting. Financing services provided by these public trusts are solely for the benefit of the Town. Public trusts were created to provide financing services are blended into the Town's primary government as an integral part of Town operations although retaining separate legal identity. Component units that do not meet the criteria for blending are reported discretely. The Town of Buffalo blends all component units.

**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 excluding fiduciary activities. 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 with composite columns for non-major funds.

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

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 and fiduciary fund 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. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to claims and judgements are recorded only when paid.

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 Administrator submits an annual budget to the Town Board in accordance with the Oklahoma Municipal Budget Act. The budget is presented to the Board for review, and public hearings are held to address priorities and the allocation of resources. In June, the Board adopts the annual fiscal year budgets for Town's operating funds. Budget amendments or supplements may be made during the year when unexpected modifications are required in estimated revenues and appropriations. Budget amendments are recommended by the Town Administrator and must be approved by the Board. Public trusts submit budgets and other planning documents to their respective governing bodies. Other funds budgeted on a project-length basis are also subjected to the Board review and approval process.

***Basis of Budgeting***

Each fund's appropriated budget is prepared on object level basis. Revenues are budgeted by source. Expenditures are budgeted by department and object class as follows: personal services, other services and charges, supplies, capital outlay, transfers, and debt service. The legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. Within these control levels, management may transfer appropriations without Board approval. Revisions to the budget were made throughout the year.

The budgets for operating funds and proprietary funds are prepared on the cash basis. Revenues are budgeted in the year they are expected to be received. Expenses are budgeted in the year they are expected to be paid.

**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 consist of certificates of deposit ("CD's"). CD's are reported at cost, which approximates fair value.

***Accounts Receivable***

Significant receivables for governmental activities include sales and use tax receivables and ambulance receivables. Business-type receivables consist mainly of amount due from customers primarily for rock sales and 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 60 to 90 days. At June 30, 2023, the Town has estimated an allowance of \$34,625 for business-type activities.

***Restricted Assets***

Restricted assets include assets legally restricted for capital projects and special revenue funds funded through long-term debt, debt service reserves or grants. Restricted assets and liabilities current in nature are reported with current assets and current liabilities 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 or 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 \$4,000 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 & structures           | 40 years   |
| • Machinery, furniture & equipment | 5-10 years |
| • Infrastructure and improvements  | 40 years   |

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

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

Full –time employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Town. Generally, after one year of services, employees are entitled to all accrued vacation leave upon termination.

Full-time employees accrue 10 hours of sick leave per month after one month of service with the Town. An employee may accrue to up 800 hours of sick leave. Accumulated sick leave is not payable 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 compensated absences payable to current employees.

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

In the government-wide and proprietary 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. Net investment in capital assets and legally restricted amounts are separated from unrestricted net position.

##### **Net Investment in capital assets**

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.

##### **Unrestricted net position**

This consists of net position that does not meeting the criteria of “restricted” or “net investment in capital assets”.

##### **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 list below.

##### **Non-spendable**

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 Board, 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

***Deferred Outflows of Resources and Deferred Inflows of Resources***

**Deferred outflows of resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) therefore will not be recognized as an outflow of resources (expense) until then. The Town only has one item that qualifies for reporting in this category. It is the deferred charge on net pension obligations for the retirement plans of the Town. A deferred charge on pension obligations results from the net difference between projected and actual earnings on pension plan investments, difference in projected and actual experience, and contributions subsequent to measurement period.

**Deferred inflows of resources**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s); therefore, will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred charge on net pension obligations for the retirement plans of the Town. A deferred charge on pension obligations results from the net difference between projected and actual earnings on pension plan investments.

***Restricted Assets***

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. Restricted assets and liabilities current in nature are reported with current assets and current liabilities in the financial statements.

***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.

Certain reclassifications have been made to prior period balances in order to conform to the current period's presentation.

**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 levied a 3% sales tax on taxable sales within the Town. The sales tax is collected by the Oklahoma Tax Commission and remitted to the Town in the month following receipt by the Tax Commission. Sales tax is unrestricted and is recorded as sales tax revenue within the General Fund.



**(2) ASSETS AND LIABILITIES AND NET POSITION**

**A. Assets**

***Deposits and Investments***

**Deposits and Certificates of Deposit**

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 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. As the Town's deposits are held in certificates of deposit, they are not subject to interest rate risk.

***Capital Assets***

***Changes in Capital Assets***

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b><u>Governmental activities</u></b>				
Capital Assets, being depreciated:				
Construction in process	\$ 801,798	\$ 49,900	\$ -	\$ 851,698
Buildings and improvements	1,634,449	-	-	1,634,449
Infrastructure and improvements	113,921	297,625	-	411,546
Equipment and computers	988,772	96,598	-	1,085,370
Total capital assets, being depreciated	3,538,940	444,123	-	3,983,063
Less accumulated depreciation	(2,405,943)	(94,811)	-	(2,500,754)
Governmental activities capital assets, net	<u>\$ 1,132,997</u>	<u>\$ 349,312</u>	<u>\$ -</u>	<u>\$ 1,482,309</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b><u>Business-type activities</u></b>				
Capital Assets, being depreciated:				
Construction in process	\$ 7,493	\$ -	\$ -	\$ 7,493
Land	-	15,000	-	15,000
Infrastructure and improvements	4,609,522	-	-	4,609,522
Equipment and vehicles	319,371	75,626	-	394,997
Total capital assets, being depreciated	4,936,386	90,626	-	5,027,012
Less accumulated depreciation	(382,210)	(274,891)	-	(657,101)
Governmental activities capital assets, net	<u>\$ 4,554,176</u>	<u>\$ (184,265)</u>	<u>\$ -</u>	<u>\$ 4,369,911</u>

**TOWN OF BUFFALO, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Depreciation Expense**

**Governmental activities:**

Street	\$ 33,243
General government	25,777
Parks	5,702
Airport	1,308
Fire	15,186
Library	1,273
Golf course	12,322
Total depreciation expense - governmental activities	<u>\$ 94,811</u>

**Business-type activities:**

Water	\$ 247,365
Wastewater	5,686
Sanitation	13,891
Administration	7,949
Total depreciation expense - business-type activities	<u>\$ 274,891</u>

**B. Liabilities**

**Notes Payable**

Notes payable:

Note payable to United States Department of Agriculture (USDA), dated July 11, 2018, authorized in the maximum amount of \$3,590,000 structured as a construction line of credit for water system improvements. Cash advances as of June 30, 2021 were \$3,119,361. Any unused funds at the end of construction will be de-obligated. Loan is due and payable at the completion of construction at an interest rate at or less than 3.875% over a 40 year period. Interest rate in effect at June 30, 2021 was 2.125%. Payments are estimated at \$18,865 pending total cost of construction. The Town is currently making interest payments on the loan.

\$ 3,451,100

Total notes payable \$ 3,451,100

**Changes in Long-Term Debt**

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Pension liability	\$ (164,821)	\$ 210,967	\$ -	\$ 46,146	\$ -
<u>Business-type Activities</u>					
Notes payable					
USDA 2020	3,510,623	-	(59,523)	3,451,100	71,280
Total long-term debt	<u>\$ 3,345,802</u>	<u>\$ 210,967</u>	<u>\$ (59,523)</u>	<u>\$ 3,497,246</u>	<u>\$ 71,280</u>

**Annual Debt Service Requirements**

Year Ending June 30,	Notes Payable	
	Principal	Interest
2024	71,280	62,268
2025	72,809	60,739
2026	74,372	59,176
2027	75,967	57,581
2028	77,598	55,950
2029-2033	413,690	254,050
2034-2038	450,358	217,382
Thererafter	2,215,026	326,291
<b>Total</b>	<b>\$ 3,451,100</b>	<b>\$ 1,093,437</b>

For governmental activities, liabilities incurred are generally liquidated by the General Fund.

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

The Town participates in the Oklahoma Municipal Retirement Fund Employee Retirement System of Buffalo, Oklahoma.

Plan Description – The Oklahoma Municipal Retirement Fund Employee Retirement System of Buffalo, Oklahoma (the Plan) is a defined benefit retirement plan covering Town employees not covered by other plans. The Town contributes to the OMRF for all eligible employees. OMRF plan issues a separate financial report and can be obtained from OMRF or from their website: [www.okmrf.org/reports.html](http://www.okmrf.org/reports.html). Benefits are established or amended by the Town Board in accordance with O.S. Title 11, Section 48-101-102.

Summary of Significant Accounting Policies – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's plan and additions to/deductions from the Town's fiduciary net position have been determined on the same basis as they are reported by OMRF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on published market prices. Detailed information about the OMRP plans' fiduciary net position is available in the separately issued OMRF financial report.

Eligibility Factors and Benefit Provisions

Provision	July 1, 2022 through June 30, 2023
Eligibility	All regular, full-time employees except police, firefighters, and other employees who are covered under an approved system.
Contributions	3.5% of pay from employees, 7.35% of pay from employers
Service:	
Credited service	The last period of continuous employment with the Town
Vesting	Credited service plus transferred service from other OMRF employers.
Benefit eligibility	10 or more years of service
Final average compensation	Average of 5 highest consecutive years of salaries out of the last 10 years of service
Accrued benefit	Plan AA 2.625% of final average compensation multiplied by the number of years of credited service.
Normal retirement age	The earlier of: Age 65 with 10 or more years of vesting service Age 62 with 30 or more year of vesting service

Normal retirement	
Eligibility	Termination of employment on or after normal retirement age.
Benefit	Accrued benefit payable immediately
Disability retirement	
Eligibility	Total and permanent disability after 10 or more years of service.
Benefit	The accrued benefit is payable upon disablement without reduction for early payment.
Termination before retirement age	
Before vesting	Return of employee contributions, if any, with interest
After vesting	The accrued benefit payable starting at normal retirement age, or a reduced benefit payable at an early retirement age.
In-service death	
Before vesting	Return of employee contributions, if any, with interest.
After vesting (married participants only)	50% of the accrued benefit is payable to the spouse until death or remarriage.
After vesting (other participants)	50% of the accrued benefit is payable for 5 years certain.
Payment options	
Normal form	Monthly lifetime annuity with 5 years certain
Optional forms	Disability retirement benefits paid under normal form. Actuarially equivalent optional forms: Joint & 50% survivor annuity Joint & 66 2/3rds% last survivor annuity Joint & 100% survivor annuity
Cost of living	This plan has not elected the automatic post-retirement cost-of-living adjustments.

Employees covered by benefit terms:

Active Participants	8
Retired Participants	<u>5</u>
Total Participants	13

Contribution Requirements

The Town Board has the authority to set and amend contribution rates by ordinance for the OMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 10.95% of covered payroll as of July 1, 2022 through June 30, 2023. For the year ended June 30, 2023, the Town recognized \$ 21,414 of employer contributions to the plan which equals the actuarially determined amount based on covered payroll of \$389,713.

Actuarial assumptions

Date of last actuarial valuation	March 2023
Actuarial cost method	Entry age level
Interest rate	7.25%
Pay increases	Rates by age
Mortality table	PubG-2010 (projected)
Retirement age	Rates by age
Turnover	Rates by age and service
Asset value	Actuarial method

Discount rate – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.5% since the plan's net fiduciary position is projected to be sufficient to make projected benefit payments.

The Town has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

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. 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 (2.75%).

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2022 are summarized in the following table:

	<u>Target Allocation</u>	<u>Real Return</u>	<u>Weighted Return</u>
Large cap stocks S&P 500	25%	5.80%	1.45%
Small/mid cap stocks Russell 2500	10%	6.40%	0.64%
Long/short equity MSCI ACWI	10%	5.00%	0.50%
International stocks MSCI EAFE	20%	6.20%	1.24%
Fixed income bonds Barclay's Capital Aggregate	30%	2.30%	0.69%
Real estate NCREIF	5%	4.60%	0.23%
Cash equivalents 3 month Treasury	<u>0%</u>	0.00%	<u>0.00%</u>
	100%		
	Average Real Return		4.75%
	Inflation		<u>2.75%</u>
	Long term expected return		<u>7.50%</u>

**TOWN OF BUFFALO, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

Changes in Net Pension Liability – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2022 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2022 and the Town's report ending date of June 30, 2023, that would have had a significant impact on the net pension liability.

The following table reports the components of changes in pension liability:

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balances at 7/1/2021</b>	<b>\$ 1,088,309</b>	<b>\$ 1,253,130</b>	<b>\$ (164,821)</b>
<b>Changes for the year:</b>			
Service cost	26,046	-	26,046
Interest	78,944	-	78,944
Differences between expected and actual experience	26,059	-	26,059
Assumption changes	(43,856)	-	(43,856)
Contributions - employer	-	20,924	(20,924)
Contributions - employee	-	8,909	(8,909)
Net investment income	-	(151,483)	151,483
Benefit payments, including refunds of employee contributions	(72,768)	(72,768)	-
Administrative expense	-	(2,124)	2,124
Other changes	-	-	-
<b>Net changes</b>	<b>14,425</b>	<b>(196,542)</b>	<b>210,967</b>
<b>Balances at 7/1/2022</b>	<b>\$ 1,102,734</b>	<b>\$ 1,056,588</b>	<b>\$ 46,146</b>

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Town, calculated using the discount rate of 7.50 percent, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50 percent) or 1-percentage point higher (8.50 percent) than the current rate:

	<b>1% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
Total Pension Liability	\$ 1,207,980	\$ 1,102,734	\$ 1,011,405
Plan Fiduciary Net Position	1,056,588	1,056,588	1,056,588
<b>Net Pension Liability</b>	<b>\$ 151,392</b>	<b>\$ 46,146</b>	<b>\$ (45,183)</b>

The Town reported \$37,849 in pension expense for the year ended June 30, 2023.

**TOWN OF BUFFALO, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

At June 30, 2023 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 38,281	\$ -
Changes of assumptions	1,220	33,561
Net difference between projected and actual earnings on pension plan investments	210,360	121,102
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	-
Town contributions subsequent to the measurement date	21,414	-
<b>Total</b>	<b>\$ 271,275</b>	<b>\$ 154,663</b>

\$95,198 will be reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2024	\$ 27,637
2025	15,045
2026	4,841
2027	47,675
2028	-

**(5) 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 Buffalo, Oklahoma**  
**General Fund**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2023**

	Original Budget	Revisions	Revised Budget	Actual	Variance - Favorable (Unfavorable)
<b>REVENUES</b>					
Sales tax	\$ 251,159	\$ 2,000	\$ 253,159	\$ 255,170	\$ 2,011
Use tax	51,944	8,000	59,944	66,166	6,222
Beverage tax	82,410	2,000	84,410	85,214	804
Franchise taxes	47,314	8,000	55,314	54,834	(480)
Cigarette tax	2,075	(500)	1,575	1,714	139
Licenses and permits	2,500	-	2,500	2,609	109
Fines and forfeitures	-	-	-	441	441
Investment income	1,000	35,000	36,000	185	(35,815)
Charges for services	46,500	19,826	66,326	8,135	(58,191)
Rental income	20,000	-	20,000	24,084	4,084
Intergovernmental	464,402	(8,398)	456,004	401,954	(54,050)
Donations	-	-	-	10,237	10,237
Royalties	1,000	-	1,000	-	(1,000)
Miscellaneous	12,000	2,000	14,000	16,019	2,019
Total revenues	982,304	67,928	1,050,232	926,762	(123,470)
<b>EXPENDITURES</b>					
General government:					
General government	220,113	49,919	270,032	246,120	23,912
Total general government	220,113	49,919	270,032	246,120	23,912
Public safety and judiciary:					
Fire	40,000	(32,000)	8,000	6,628	1,372
Emergency management	1,000	17,000	18,000	17,696	304
Animal Control	41,232	1,000	42,232	12,059	30,173
Total public safety and judiciary	82,232	(14,000)	68,232	36,383	31,849
Cultural, parks and recreation:					
Park	31,000	13,500	44,500	44,659	(159)
Golf course	99,364	15,000	114,364	113,168	1,196
Swimming pool	27,274	-	27,274	14,469	12,805
Cemetery	4,000	-	4,000	1,530	2,470
Library	28,837	11,500	40,337	31,090	9,247
Total cultural, parks and recreation	190,475	40,000	230,475	204,916	25,559
Transportation:					
Airport	70,250	-	70,250	16,599	53,651
Street	443,331	(95,000)	348,331	351,286	(2,955)
Total transportation	513,581	(95,000)	418,581	367,885	50,696
Economic development:					
Economic development	64,294	-	64,294	56,593	7,701
Total economic development	64,294	-	64,294	56,593	7,701
Total expenditures	1,070,695	(19,081)	1,051,614	911,897	139,717
Revenue over (under) expenditures	(88,391)	87,009	(1,382)	14,865	(263,187)
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in/(out)	(224,782)	224,782	-	35,002	35,002
Net other financing sources (uses)	(224,782)	224,782	-	35,002	35,002
Revenues and other financing sources over (under) expenditures and other uses	(313,173)	311,791	(1,382)	49,867	(228,185)
Fund balance at beginning of year (Non-GAAP budgetary basis)				1,854,499	
Fund balance at end of year (Non-GAAP budgetary basis)				\$ 1,904,366	
<b>ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>					
Revenue, expenditure and transfer accruals				43,536	
Fund balance at end of year (GAAP basis)				<u>\$ 1,947,902</u>	

(1) Budgets include fund balances carried over from prior years. It is not revenue of the current period, but is presented as revenue only for budgetary reporting purposes.



**Schedules of Required Supplementary Information**

**SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY AND RELATED RATIOS**

**Oklahoma Municipal Retirement Plan  
SINCE INITIAL APPLICATION**

	<b>2021*</b>	<b>2022*</b>	<b>2023*</b>
<b>Total pension liability</b>			
Service cost	\$ 22,672	\$ 22,743	\$ 26,046
Interest	70,603	75,556	78,944
Changes in benefit terms	-	-	-
Differences between expected and actual experience	41,837	16,195	26,059
Changes in assumptions	-	-	(43,856)
Benefit payments, including refunds of employee contributions	<u>(72,055)</u>	<u>(65,997)</u>	<u>(72,768)</u>
<b>Net change in total pension liability</b>	\$ 63,057	\$ 48,497	\$ 14,425
<b>Total pension liability - beginning</b>	<u>976,755</u>	<u>1,039,812</u>	<u>1,088,309</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 1,039,812</u></u>	<u><u>\$ 1,088,309</u></u>	<u><u>\$ 1,102,734</u></u>
<b>Plan fiduciary net position</b>			
Contributions - employer	14,236	15,158	20,924
Contributions - employee	7,665	7,779	8,909
Net investment income	40,856	276,785	(151,483)
Benefit payments, including refunds of employee contributions	<u>(72,055)</u>	<u>(65,997)</u>	<u>(72,768)</u>
Administrative expense	<u>(2,097)</u>	<u>(2,055)</u>	<u>(2,124)</u>
Other	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in plan fiduciary net position</b>	<u>(11,395)</u>	<u>231,670</u>	<u>(196,542)</u>
<b>Plan fiduciary net position - beginning</b>	<u>1,032,855</u>	<u>1,021,460</u>	<u>1,253,130</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 1,021,460</u></u>	<u><u>\$ 1,253,130</u></u>	<u><u>\$ 1,056,588</u></u>
<b>Town's net pension liability - ending (a) - (b)</b>	<u><u>\$ 18,352</u></u>	<u><u>\$ (164,821)</u></u>	<u><u>\$ 46,146</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	98.24%	115.14%	95.82%
<b>Covered-employee payroll</b>	\$ 202,471	\$ 230,637	\$ 254,549
<b>Town's net pension liability as a percentage of covered-employee payroll</b>	9.06%	-71.46%	18.13%

\* 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 THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**Oklahoma Municipal Retirement Plan**  
Year Ended June 30, 2023

	<u>2021*</u>	<u>2022*</u>	<u>2023*</u>
Town's portion of the net pension liability (asset)	0.1708%	0.2096%	0.1767%
Town's proportionate share of the net pension liability (asset)	\$ 18,352	\$ (164,821)	\$ 46,146
Town's covered-employee payroll	\$ 202,471	\$ 230,637	\$ 254,549
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employ	9.06%	-71.46%	18.13%
Plan fiduciary net position as a percentage of the total pension liability	98.20%	113.15%	95.63%

**SCHEDULE OF TOWN CONTRIBUTIONS**  
**Oklahoma Municipal Retirement Plan**

	<u>2021*</u>	<u>2022*</u>	<u>2023*</u>
Actuarially determined contribution	\$ 14,236	\$ 15,158	\$ 21,414
Contributions in relation to the actuarially determined contribution	<u>(14,236)</u>	<u>(15,158)</u>	<u>(21,414)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 202,471	\$ 230,637	\$ 254,549
Contributions as a percentage of covered-employee payroll	7.03%	6.57%	8.41%

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

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 Buffalo, 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, and each major fund of Town of Buffalo, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Town of Buffalo, Oklahoma's basic financial statements, and have issued our report thereon dated October 21, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Town of Buffalo, 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 Buffalo, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Buffalo, 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-001 that we consider to be significant deficiencies.

**Report on Compliance and Other Matters**

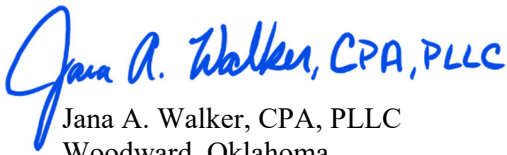
As part of obtaining reasonable assurance about whether Town of Buffalo, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 2023-002.

### **Town of Buffalo, Oklahoma Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Buffalo, Oklahoma's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Town of Buffalo, 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  
October 21, 2024

**Schedule of Findings and Responses  
Town of Buffalo  
Fiscal Year Ended June 30, 2023**

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**Finding 2023-001**

Condition: Lack of segregation of duties

Criteria: Duties should be segregated to the best extent possible to disallow one individual from being able to perform multiple job functions with little to no oversight.

Cause: Lack of available workforce

Effect or Potential Effect: Risk of lack of oversight that could result in misappropriation of assets

Recommendation: Actively recruit qualified personnel or outsource duties to third-party providers to separate duties to the extent possible.

Response: Management is aware of the issue and since year end has actively tried to recruit and employ additional personnel.

**Finding 2023-002**

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

Criteria: In accordance with the Oklahoma State Statute the audit should be completed within 180 days of year end.

Cause: Unavailable information to complete workpapers for auditor.

Effect or Potential Effect: State Statute Violation and Gas Excise tax loss

Recommendation: Ensure records are available for inspection after year end in a timely manner.

Response: Management will make arrangements to have their records inspected quicker after year end to ensure the timely completion of an audit. Due to the lack of governmental auditors registered in the State of Oklahoma, it is next to impossible to schedule an audit to be completed by the deadline.

**Schedule of Prior Year Findings and Responses**  
**Town of Buffalo**  
**Fiscal Year Ended June 30, 2023**

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**Finding 2022-001 Collateralization of Cash Balances Held by City**

Criteria-Public funds according to Oklahoma State Statute 62 O.S. § 511-516, deposits of public funds cannot exceed the federal insurance limit unless secured by acceptable collateral.

Condition-The Town held public funds in excess of the FDIC coverage of \$250,000 without adequate collateral pledged.

Cause-Lack of proper oversight of the cash balance and collateral pledged at each financial institution.

Effect-Public funds were not properly insured. The Town was out of compliance with Oklahoma State Statute 7=62 O.S. § 511-516.

Recommendation-Pledged collateral should be monitored on a timely basis, at a minimum each month, for all institutions which hold public funds.

Current Status- No current year finding.