

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

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

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

Town of Buffalo, Oklahoma
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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, 2024, 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, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

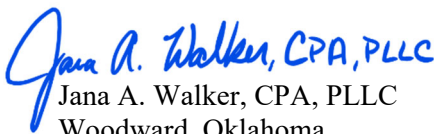
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 March 18, 2025, 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

March 18, 2025

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, 2024. 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, 2024, the assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources by \$6,714,062 (net position). This compared to the previous year when assets exceeded liabilities by \$6,080,147, before prior period adjustment.
- The Town's total net position is comprised of the following:
 - (1) Net investment in capital assets of \$2,529,827 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 \$1,763,120 accounts for assets restricted for debt service and capital construction in accordance with debt offerings.
 - (3) Unrestricted net position of \$2,421,115 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 \$2,342,574. This compared to prior year ending fund balance of \$2,075,836, reporting an increase of \$266,738 or 13% before prior period adjustment.

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, 2024 was \$6,714,062. The Town reported positive balances in total net position for both governmental and business-type activities, reporting \$3.9 million and \$2.7 million, respectively. The Town's overall financial position improved during fiscal year 2024.

Summary of Net Position								
	Governmental Activities		Business-Type Activities		Total		Change	
	2024	2023	2024	2023	2024	2023	\$	%
Current assets	\$ 2,435,793	\$ 2,093,181	\$ 1,884,799	\$ 1,511,147	\$ 4,320,592	\$ 3,604,328	\$ 716,264	20%
Other assets	65,627	45,183	-	-	65,627	45,183	20,444	45%
Capital assets, net	1,584,784	1,482,309	4,335,343	4,384,911	5,920,127	5,867,220	52,907	1%
Total assets	4,086,204	3,620,673	6,220,142	5,896,058	10,306,346	9,516,731	789,615	8%
Deferred outflow of resources	218,366	271,275	-	-	218,366	271,275	(52,909)	-20%
Current liabilities	158,846	17,345	138,149	158,880	296,995	176,225	120,770	69%
Non-current liabilities	78,975	-	3,317,491	3,379,820	3,396,466	3,379,820	16,646	0%
Total liabilities	237,821	17,345	3,455,640	3,538,700	3,693,461	3,556,045	137,416	4%
Deferred inflow of resources	117,189	154,663	-	-	117,189	154,663	(37,474)	-24%
Net position								
Net investment in capital assets	1,584,784	1,527,492	945,043	933,811	2,529,827	2,461,303	68,524	3%
Restricted	65,627	19,700	1,697,493	1,072,032	1,763,120	1,091,732	671,388	61%
Unrestricted	2,299,149	2,172,748	121,966	351,515	2,421,115	2,524,263	(103,148)	-4%
Total net position	\$ 3,949,560	\$ 3,719,940	\$ 2,764,502	\$ 2,357,358	\$ 6,714,062	\$ 6,077,298	\$ 636,764	10%

Total assets increased \$789 thousand or 8% during the fiscal year due to an increase in investments, consisting of certificates of deposit, held by the Town at year end.

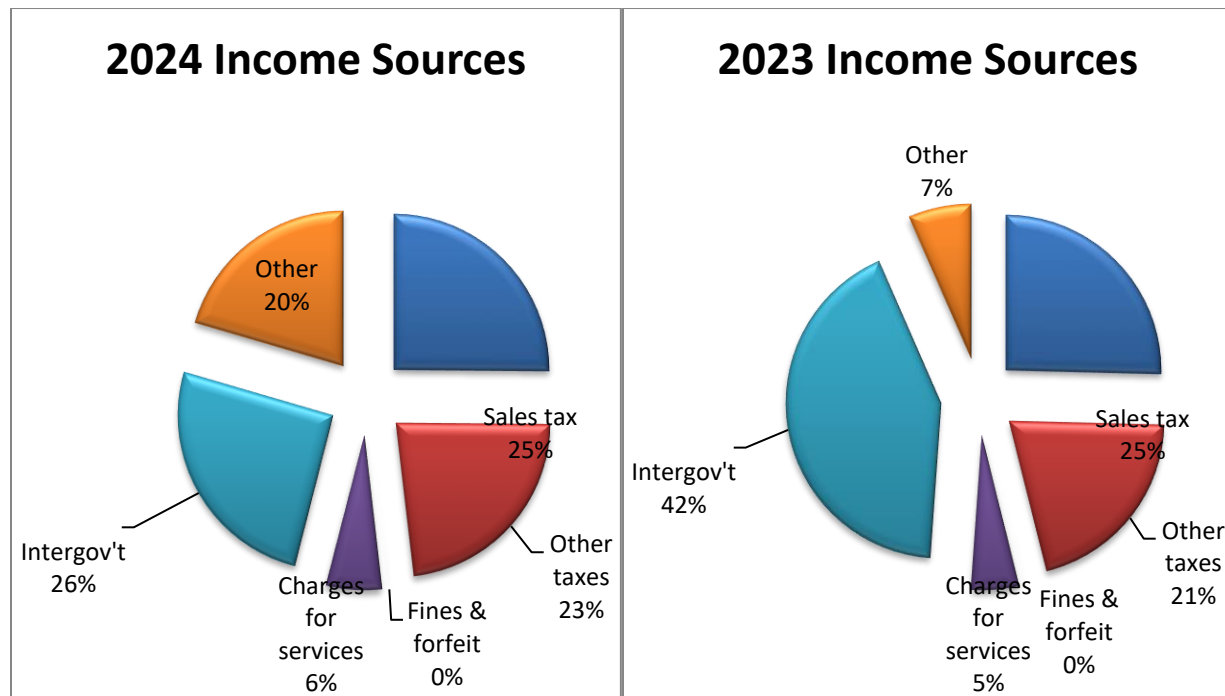
Liabilities remained consistent noting an increase of 4% or \$137 thousand dollars. The Town's pension liability increased to \$68 thousand dollars when compared to prior year. Additionally, there was timing difference in the payment of invoices in the Airport fund.

The Town reported over \$5.9 million in capital assets with \$3.3 million remaining on debt used to finance their acquisition and construction.

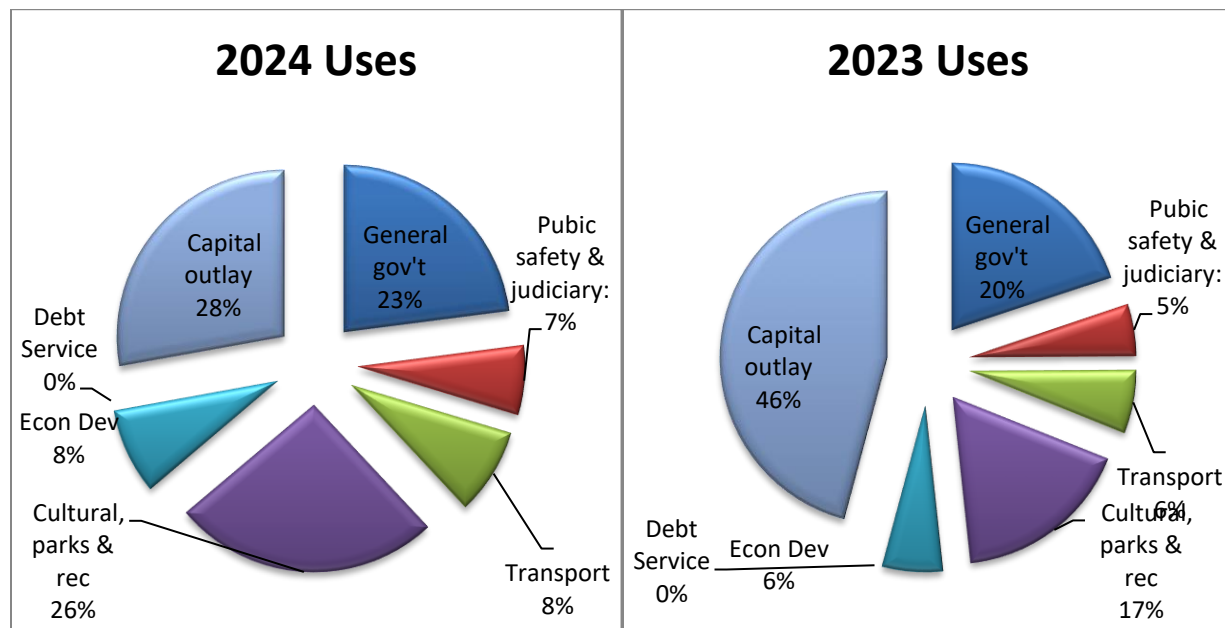
Summary of Changes in Net Position									
	Governmental Activities		Business-type Activities		Total		Change		
	2024	2023	2024	2023	2024	2023	\$	%	
Revenues									
Program revenues	\$ 326,417	\$ 522,285	\$ 1,074,672	\$ 846,623	\$ 1,401,089	\$ 1,368,908	\$ 32,181	2%	
Taxes and other general revenues	549,667	563,156	116,072	71,376	665,739	634,532	31,207	5%	
Total revenues	<u>876,084</u>	<u>1,085,441</u>	<u>1,190,744</u>	<u>917,999</u>	<u>2,066,828</u>	<u>2,003,440</u>	<u>63,388</u>	<u>3%</u>	
Expenses									
General government	299,995	218,646	-	-	299,995	218,646	81,349	37%	
Public safety and judiciary	62,200	63,463	-	-	62,200	63,463	(1,263)	-2%	
Transportation	92,766	93,981	-	-	92,766	93,981.00	(1,215)	-1%	
Cultural, parks, and recreation	197,965	186,599	-	-	197,965	186,599	11,366	6%	
Economic development	57,589	56,593	-	-	57,589	56,593	996	2%	
Water	-	-	516,248	577,674	516,248	577,674	(61,426)	-11%	
Sewer	-	-	59,397	73,150	59,397	73,150	(13,753)	-19%	
Sanitation	-	-	153,036	147,368	153,036	147,368	5,668	4%	
Customer service	-	-	22,377	21,591	22,377	21,591	786	4%	
Total expenses	<u>710,515</u>	<u>619,282</u>	<u>751,058</u>	<u>819,783</u>	<u>1,461,573</u>	<u>1,439,065</u>	<u>22,508</u>	<u>2%</u>	
Excess (deficiency) before transfers	\$ 165,569	\$ 466,159	\$ 439,686	\$ 98,216	\$ 605,255	\$ 564,375	\$ 40,880	7%	
Transfer to other governments	-	-	-	-	-	-	-	100%	
Transfers	<u>32,542</u>	<u>(12,000)</u>	<u>(32,542)</u>	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0%</u>	
Increase (decrease) in net position	<u>\$ 198,111</u>	<u>\$ 454,159</u>	<u>\$ 407,144</u>	<u>\$ 110,216</u>	<u>\$ 605,255</u>	<u>\$ 564,375</u>	<u>\$ 40,880</u>	<u>7%</u>	

The Town reported an increase in net position in both governmental and business-type activities, \$198,111 and \$407,144, respectively. All tax revenues noted a moderate increase during the fiscal year. Expenses of the Town remained consistent with prior year, reporting a change of \$22 thousand dollars or 2%.

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 prior year. Grant funding provided 26% of the income for governmental funds during the year compared to 42% from the airport federal grant funding year. Taxes provided 25% of the Town's governmental revenues in 2024 which is consistent with fiscal year 2023. Taxes include sales tax, use tax, franchise tax, alcoholic beverage tax, and cigarette tax.

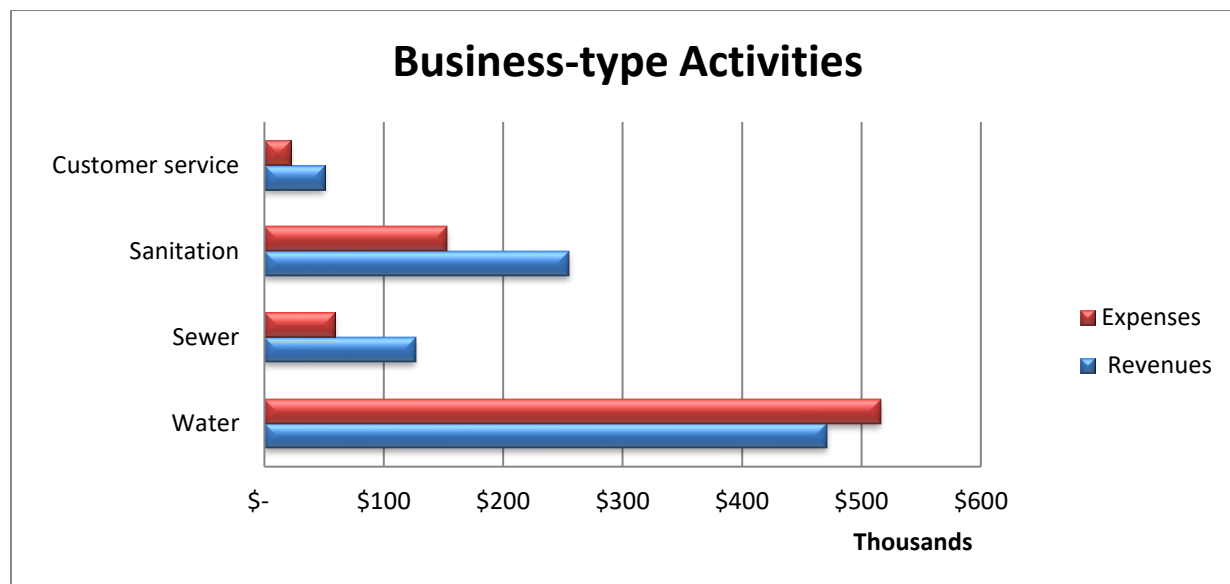


For the year ended June 30, 2024, total expenses for governmental activities were \$694,069 compared to \$968,594 in fiscal year 2023. Capital improvement costs were the main factor in this decrease. General government expenses at \$159,869 were lower compared to prior year's cost of \$192,869. These 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 2024 was \$1,020,826 compared to \$1,070,695 in prior year. During the fiscal year, the Town approved budget amendments totaling \$73,000 reducing the budget to \$942,326. Total expenditures for the Town were \$481,938 which is \$460,388 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, 2024, the Town had \$2,529,827 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			
	2024	2023	2024	2023	2024	2023
Land and construction in progress	\$ 998,873	\$ 851,698	\$ 22,493	\$ 22,493	\$ 1,021,366	\$ 874,191
Buildings	54,187	104,868	-	-	54,187	104,868
Machinery & equipment	124,915	158,026	198,949	219,110	323,864	377,136
Improvements	406,809	367,717	4,113,901	4,143,308	4,520,710	4,511,025
Total capital assets, net	\$ 1,584,784	\$ 1,482,309	\$ 4,335,343	\$ 4,384,911	\$ 5,920,127	\$ 5,867,220

Long-Term Debt

At year-end, the Town had \$3,317,491 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				
	Governmental		Business-type	
	Activities		Activities	
	2024	2023	2024	2023
Notes payable	\$ -	\$ -	\$ 3,390,300	\$ 3,451,100
Pension obligation	68,546	-	-	-
less current portion	-	-	(72,809)	(71,280)
Total long term debt	\$ 68,546	\$ -	\$ 3,317,491	\$ 3,379,820

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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, 2024

ASSETS	Governmental Activities	Business-type Activities	Total
Current assets:			
Cash and cash equivalents	\$ 186,801	\$ 133,013	\$ 319,814
Investments, including time deposits	2,035,981	-	2,035,981
Taxes receivable	36,508	-	36,508
Interest receivable	29,328	-	29,328
Grant receivable	147,175	-	147,175
Accounts receivable (net)	-	10,036	10,036
Total current assets	<u>2,435,793</u>	<u>143,049</u>	<u>2,578,842</u>
Restricted assets:			
Cash and cash equivalents	11,402	96,541	107,943
Investments, including time deposits	54,225	1,645,209	1,699,434
Total restricted assets	<u>65,627</u>	<u>1,741,750</u>	<u>1,807,377</u>
Noncurrent assets:			
Land and construction in progress	998,873	22,493	1,021,366
Other capital assets (net of accumulated depreciation)	585,911	4,312,850	4,898,761
Total noncurrent assets	<u>1,584,784</u>	<u>4,335,343</u>	<u>5,920,127</u>
Total assets	<u>\$ 4,086,204</u>	<u>\$ 6,220,142</u>	<u>\$ 10,306,346</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred charges on pension obligations	<u>218,366</u>	<u>-</u>	<u>218,366</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 157,845	\$ 20,258	\$ 178,103
Salaries and benefits payable	1,644	182	1,826
Due to other funds	(643)	643	-
Note payable, current	-	72,809	72,809
Total current liabilities	<u>158,846</u>	<u>93,892</u>	<u>252,738</u>
Liabilities payable from restricted assets:			
Customer deposits payable	-	44,257	44,257
Total liabilities payable from restricted assets	<u>-</u>	<u>44,257</u>	<u>44,257</u>
Noncurrent liabilities:			
Compensated absences	10,429	-	10,429
Pension liability	68,546	-	68,546
Note payable, non-current	-	3,317,491	3,317,491
Total noncurrent liabilities	<u>78,975</u>	<u>3,317,491</u>	<u>3,396,466</u>
Total liabilities	<u>237,821</u>	<u>3,455,640</u>	<u>3,693,461</u>
DEFERRED INFLOW OF RESOURCES			
Deferred charges on pension obligations	<u>117,189</u>	<u>-</u>	<u>117,189</u>
NET POSITION			
Net investment in capital assets	1,584,784	945,043	2,529,827
Restricted	65,627	1,697,493	1,763,120
Unrestricted	2,299,149	121,966	2,421,115
Total net position	<u>\$ 3,949,560</u>	<u>\$ 2,764,502</u>	<u>\$ 6,714,062</u>

Town of Buffalo, Oklahoma
Statement of Activities
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Governmental activities:					
General government:					
General government	\$ 299,995	\$ 19,852	\$ -	\$ -	\$ (280,143)
Total general government	299,995	19,852	-	-	(280,143)
Public safety and judiciary:					
Fire	44,228	-	18,365	-	(25,863)
Code enforcement	10,037	-	-	-	(10,037)
Animal control	7,935	-	-	-	(7,935)
Total public safety and judiciary	62,200	-	18,365	-	(43,835)
Transportation:					
Airport	7,795	2,880	-	209,743	204,828
Street	84,971	-	-	-	(84,971)
Total transportation	92,766	2,880	-	209,743	119,857
Cultural, parks and recreation:					
Park	21,251	1,541	1,041	-	(18,669)
Golf course	122,291	38,704	-	-	(83,587)
Swimming pool	20,583	6,466	-	-	(14,117)
Cemetery	1,455	8,087	-	-	6,632
Library	32,385	1,041	18,697	-	(12,647)
Total cultural, parks and recreation	197,965	55,839	19,738	-	(122,388)
Economic development:					
Economic development	57,589	-	-	-	(57,589)
Total economic development	57,589	-	-	-	(57,589)
Total governmental activities	710,515	78,571	38,103	209,743	(384,098)
Business-type activities:					
Utility services:					
Water	516,248	471,325	221,750	-	176,827
Sewer	59,397	126,544	-	-	67,147
Sanitation	153,036	255,053	-	-	102,017
Customer service	22,377	-	-	-	(22,377)
Total business-type activities	751,058	852,922	221,750	-	323,614
Total primary government	\$ 1,461,573	\$ 931,493	\$ 259,853	\$ 209,743	\$ (60,484)

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

Changes in Net Position:

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Net (expense)/revenue	\$ (384,098)	\$ 323,614	\$ (60,484)
General revenues:			
Taxes:			
Sales tax	233,281	-	233,281
Use tax	85,206	-	85,206
Franchise taxes	45,745	-	45,745
Alcoholic beverage tax	81,095	-	81,095
Cigarette tax	1,447	-	1,447
Investment income	93,675	65,588	159,263
Royalties	2,215	-	2,215
Miscellaneous	7,003	50,484	57,487
Transfers - Internal activity, net	32,542	(32,542)	-
Total general revenues and transfers	582,209	83,530	665,739
Change in net position	198,111	407,144	605,255
Net position-beginning	3,722,789	2,357,358	6,080,147
Prior period adjustment	28,660	-	28,660
Net position-ending	<u>\$ 3,949,560</u>	<u>\$ 2,764,502</u>	<u>\$ 6,714,062</u>

Town of Buffalo, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	Fire Fund	Golf Fund	Cemetery Care Fund	Library Fund	Library Grant Fund	Airport Grant Fund	Total Governmental Funds
ASSETS								
Cash	\$ 152,431	\$ 26,130	\$ 8,240	\$ -	\$ -	\$ -	\$ -	\$ 186,801
Investments, including time deposits	2,035,981	-	-	-	-	-	-	2,035,981
Restricted cash	-	-	-	645	-	10,757	-	11,402
Restricted investments	-	-	-	25,001	29,224	-	-	54,225
Taxes receivable	36,508	-	-	-	-	-	-	36,508
Interest receivable	29,328	-	-	-	-	-	-	29,328
Grant receivable	-	-	-	-	-	-	147,175	147,175
Due from other funds	6,368	-	-	-	-	-	70,183	76,551
Total assets	<u>\$ 2,260,616</u>	<u>\$ 26,130</u>	<u>\$ 8,240</u>	<u>\$ 25,646</u>	<u>\$ 29,224</u>	<u>\$ 10,757</u>	<u>\$ 217,358</u>	<u>\$ 2,577,971</u>
LIABILITIES								
Accounts payable	\$ 4,159	\$ 3,719	\$ 2,035	\$ -	\$ -	\$ 757	\$ 147,175	\$ 157,845
Salaries and benefits payable	1,159	-	-	-	-	-	-	1,159
Due to other funds	75,908	-	-	-	-	-	-	75,908
Payroll liabilities	485	-	-	-	-	-	-	485
Total liabilities	<u>81,711</u>	<u>3,719</u>	<u>2,035</u>	<u>-</u>	<u>-</u>	<u>757</u>	<u>147,175</u>	<u>235,397</u>
FUND BALANCES								
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	25,646	-	-	-	25,646
Committed	-	-	-	-	-	10,000	-	10,000
Assigned	-	22,411	6,205	-	29,224	-	-	57,840
Unassigned	2,178,905	-	-	-	-	-	70,183	2,249,088
Total fund balances	<u>2,178,905</u>	<u>22,411</u>	<u>6,205</u>	<u>25,646</u>	<u>29,224</u>	<u>10,000</u>	<u>70,183</u>	<u>2,342,574</u>
Total liabilities and fund balances	<u>\$ 2,260,616</u>	<u>\$ 26,130</u>	<u>\$ 8,240</u>	<u>\$ 25,646</u>	<u>\$ 29,224</u>	<u>\$ 10,757</u>	<u>\$ 217,358</u>	<u>\$ 2,577,971</u>
Total fund balance- total governmental funds								\$ 2,342,574
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						\$ 998,873		
Capital assets						3,177,382		
Less: Accumulated depreciation						(2,591,471)		1,584,784
Certain long-term liabilities are not due and payable from current financial resources and therefore, are not reported in the funds:								
Compensated absences						(10,429)		
Net pension deferred outflows/(inflows)						101,177		
Pension (liability)/asset						(68,546)		22,202
Net positon of governmental activities								<u>\$ 3,949,560</u>

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

	General Fund	Fireman's Fund	Golf Fund	Cemetery Care Fund	Library Fund	Library Grant Fund	Airport Grant Fund	Total Governmental Funds
REVENUES								
Sales tax	\$ 233,281	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 233,281
Use tax	85,206	-	-	-	-	-	-	85,206
Beverage tax	81,095	-	-	-	-	-	-	81,095
Franchise taxes	45,745	-	-	-	-	-	-	45,745
Cigarette tax	1,447	-	-	-	-	-	-	1,447
Licenses and permits	4,112	-	-	-	-	-	-	4,112
Fines and forfeitures	490	-	-	-	-	-	-	490
Investment income	92,240	382	-	489	564	-	-	93,675
Charges for services	9,642	-	38,704	5,462	-	-	-	53,808
Rental income	20,160	-	-	-	-	-	-	20,160
Intergovernmental	8,955	3,840	-	-	-	14,448	209,743	236,986
Donations	5,290	14,525	-	-	-	-	-	19,815
Royalties	2,215	-	-	-	-	-	-	2,215
Miscellaneous	11,326	-	-	-	-	-	-	11,326
Total revenues	601,204	18,747	38,704	5,951	564	14,448	209,743	889,361
EXPENDITURES								
General government:								
General government	149,112	-	-	-	-	-	-	149,112
Total general government	149,112	-	-	-	-	-	-	149,112
Public safety and judiciary:								
Fire	9,851	18,518	-	-	-	-	-	28,369
Code enforcement	10,037	-	-	-	-	-	-	10,037
Animal control	7,935	-	-	-	-	-	-	7,935
Total public safety and judiciary	27,823	18,518	-	-	-	-	-	46,341
Transportation:								
Airport	6,487	-	-	-	-	-	-	6,487
Street	51,728	-	-	-	-	-	-	51,728
Total transportation	58,215	-	-	-	-	-	-	58,215
Cultural, parks and recreation:								
Park	15,158	-	-	-	-	-	-	15,158
Golf course	69,084	-	41,985	-	-	-	-	111,069
Swimming pool	20,583	-	-	-	-	-	-	20,583
Cemetery	1,450	-	-	5	-	-	-	1,455
Library	26,664	-	-	-	-	4,448	-	31,112
Total cultural, parks and recreation	132,939	-	41,985	5	-	4,448	-	179,377
Economic development:								
Economic development	57,589	-	-	-	-	-	-	57,589
Total economic development	57,589	-	-	-	-	-	-	57,589
Capital outlay	46,017	-	-	-	-	-	147,175	193,192
Total expenditures	471,695	18,518	41,985	5	-	4,448	147,175	683,826
Excess (deficiency) of revenues over expenditures	129,509	229	(3,281)	5,946	564	10,000	62,568	205,535
OTHER FINANCING SOURCES (USES)								
Transfers in	101,494	-	-	-	-	-	-	101,494
Transfers out	-	(5,063)	-	-	-	-	(63,888)	(68,951)
Total other financing sources and uses	101,494	(5,063)	-	-	-	-	(63,888)	32,543
Net change in fund balances	231,003	(4,834)	(3,281)	5,946	564	10,000	(1,320)	238,078
Fund balances - beginning	1,947,902	27,245	9,486	19,700	-	-	71,503	2,075,836
Prior period adjustment	-	-	-	-	28,660	-	-	28,660
Fund balances - ending	\$ 2,178,905	\$ 22,411	\$ 6,205	\$ 25,646	\$ 29,224	\$ 10,000	\$ 70,183	\$ 2,342,574

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

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	\$ 238,078
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	193,192
Depreciation expense	(90,717)
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.	(10,429)
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.	(132,013)
	<u>(132,013)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 198,111</u></u>

Town of Buffalo, Oklahoma
Statement of Net Position
Proprietary Funds
June 30, 2024

	Public Works Authority
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 133,013
Accounts receivable (net)	10,036
Total current assets	<u>143,049</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	96,541
Investments	1,645,209
Total restricted assets	<u>1,741,750</u>
Noncurrent assets:	
Capital assets (net)	4,335,343
Total noncurrent assets	<u>4,335,343</u>
Total assets	<u><u>\$ 6,220,142</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 20,258
Salaries and benefits payable	182
Payroll liabilities	-
Due to other funds	643
Note payable, current	72,809
Total current liabilities	<u>93,892</u>
Liabilities payable from restricted assets:	
Customer deposits payable	44,257
Total liabilities payable from restricted assets	<u>44,257</u>
Noncurrent liabilities:	
Note payable, non-current	3,317,491
Total noncurrent liabilities	<u>3,317,491</u>
Total liabilities	<u>3,455,640</u>
NET POSITION	
Net investment in capital assets	945,043
Restricted	1,697,493
Unrestricted	<u>121,966</u>
Total net position	<u><u>\$ 2,764,502</u></u>

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

	Public Works Authority
<u>Operating revenues:</u>	
Charges for services:	
Water charges	\$ 471,325
Sewer charges	126,544
Sanitation charges	255,053
Total charges for services	<u>852,922</u>
Miscellaneous	50,484
Total operating revenues	<u>903,406</u>
 <u>Operating expenses:</u>	
Personal services	160,147
Materials and supplies	92,612
Other services and charges	138,533
Depreciation and amortization	287,018
Total operating expenses	<u>678,310</u>
 Net operating income	\$ 225,096
 <u>Nonoperating revenue (expense):</u>	
Investment income	65,588
Grant income	221,750
Interest expense	(72,748)
Total nonoperating revenue (expense)	<u>214,590</u>
 Net Income before contributions and transfers	439,686
 Transfers to other funds, net	<u>(32,542)</u>
 Change in net position	407,144
 Net position-beginning of year	<u>2,357,358</u>
Net position-end of year	<u><u>\$ 2,764,502</u></u>

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

	Public Works Authority
<u>Cash flows from operating activities:</u>	
Receipts from customers	\$ 895,235
Payments to suppliers	(249,244)
Payments to employees	(168,150)
Net cash provided (used) by operating activities	477,841
<u>Cash flows from non-capital financing activities:</u>	
Transfers to other funds	(32,542)
Net cash provided (used) by non-capital financing activities	(32,542)
<u>Cash flows from capital and related financing activities:</u>	
Purchase of capital assets	(237,450)
Principal paid on capital debt	(60,800)
Interest paid on capital debt	(72,748)
Capital grants	221,750
Net cash provided (used) by capital and related financing activities	(149,248)
<u>Cash flows from investing activities:</u>	
Purchase of investments	(585,800)
Investment income	65,588
Net cash provided (used) by investing activities	(520,212)
Net increase (decrease) in cash and cash equivalents	(224,161)
Cash and cash equivalents, beginning of the year	453,715
Cash and cash equivalents, end of the year	\$ 229,554
Cash, including time deposits	\$ 133,013
Restricted cash, including time deposits	96,541
Total cash and cash equivalents, end of year	\$ 229,554
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ 225,096
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	287,018
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(8,171)
Increase (decrease) in accounts payable	(18,099)
Increase (decrease) in wages & benefits payable	(8,003)
Net cash provided (used) by operating activities	\$ 477,841

(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, 2024. 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, 2024, 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 up to 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>
<u>Governmental activities</u>				
Capital Assets, being depreciated:				
Construction in process	\$ 851,698	\$ 147,175	\$ -	\$ 998,873
Buildings and improvements	1,634,449	34,242	-	1,668,691
Infrastructure and improvements	411,546	-	-	411,546
Equipment and computers	1,085,370	11,775	-	1,097,145
Total capital assets, being depreciated	3,983,063	193,192	-	4,176,255
Less accumulated depreciation	(2,500,754)	(90,717)	-	(2,591,471)
Governmental activities capital assets, net	<u>\$ 1,482,309</u>	<u>\$ 102,475</u>	<u>\$ -</u>	<u>\$ 1,584,784</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Business-type activities</u>				
Capital Assets, being depreciated:				
Construction in process	\$ 7,493	\$ -	\$ -	\$ 7,493
Land	15,000	-	-	15,000
Infrastructure and improvements	4,609,522	235,750	-	4,845,272
Equipment and vehicles	409,997	1,700	-	411,697
Total capital assets, being depreciated	5,042,012	237,450	-	5,279,462
Less accumulated depreciation	(657,101)	(287,018)	-	(944,119)
Governmental activities capital assets, net	<u>\$ 4,384,911</u>	<u>\$ (49,568)</u>	<u>\$ -</u>	<u>\$ 4,335,343</u>

Depreciation Expense

Governmental activities:

Street	\$ 33,243
General government	21,719
Parks	6,093
Airport	1,308
Fire	15,859
Library	1,273
Golf course	11,222
Total depreciation expense - governmental activities	<u>\$ 90,717</u>

Business-type activities:

Water	\$ 259,492
Wastewater	5,686
Sanitation	13,891
Administration	7,949
Total depreciation expense - business-type activities	<u>\$ 287,018</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.

\$ 3,390,300

Total notes payable

\$ 3,390,300

Changes in Long-Term Debt

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Pension liability	\$ 46,146	\$ 22,400	\$ -	\$ 68,546	\$ -
<u>Business-type Activities</u>					
Notes payable					
USDA 2020	3,451,100	-	(60,800)	3,390,300	72,809
Total long-term debt	<u>\$ 3,497,246</u>	<u>\$ 22,400</u>	<u>\$ (60,800)</u>	<u>\$ 3,458,846</u>	<u>\$ 72,809</u>

Annual Debt Service Requirements

Year Ending June 30,	Notes Payable	
	Principal	Interest
2025	\$ 72,809	\$ 60,739
2026	74,372	59,176
2027	75,967	57,581
2028	77,598	55,950
2029	79,263	54,285
2029-2033	422,567	247,173
2034-2038	460,022	207,718
2039-2043	511,542	156,198
Thereafter	1,616,160	134,109
Total	\$ 3,390,300	\$ 1,032,929

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. 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, 2023 through June 30, 2024
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 10.22% of covered payroll as of July 1, 2023 through June 30, 2024. For the year ended June 30, 2024, the Town recognized \$ 18,545 of employer contributions to the plan which equals the actuarially determined amount based on covered payroll of \$373,408.

Actuarial assumptions

Date of last actuarial valuation	June 2024
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%).

	<u>Target Allocation</u>	<u>Real Return</u>	<u>Weighted Return</u>
US large cap stocks S&P 500	25%	4.55%	1.14%
US small/mid cap stocks Russell 2500	10%	5.00%	0.50%
Int'l developed mkts equity MSCI EAFE	20%	6.20%	1.24%
Int'l emerging mkts equity MSCI EM net div	5%	6.40%	0.32%
Private equity MSCI ACWI net div	5%	6.05%	0.30%
US fixed income bonds Barclay's US	20%	2.55%	0.51%
Real estate NCREIF	15%	4.95%	0.74%
Cash equivalents 3 month Treasury	<u>0%</u>	15.00%	<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, 2024

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, 2023 are summarized in the following table:

Changes in Net Pension Liability – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2023 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, 2023 and the Town's report ending date of June 30, 2024, that would have had a significant impact on the net pension liability.

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 7/1/2022	\$ 1,102,734	\$ 1,056,588	\$ 46,146
Changes for the year:			
Service cost	27,941	-	27,941
Interest	80,003	-	80,003
Differences between expected and actual experience	36,745	-	36,745
Assumption changes	-	-	-
Contributions - employer	-	21,414	(21,414)
Contributions - employee	-	9,118	(9,118)
Net investment income	-	94,066	(94,066)
Benefit payments, including refunds of employee contributions	(73,383)	(73,383)	-
Administrative expense	-	(2,309)	2,309
Other changes	-	-	-
Net changes	71,306	48,906	22,400
Balances at 7/1/2023	\$ 1,174,040	\$ 1,105,494	\$ 68,546

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:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Total Pension Liability	\$ 1,287,010	\$ 1,174,040	\$ 1,076,203
Plan Fiduciary Net Position	1,105,494	1,105,494	1,105,494
Net Pension Liability	\$ 181,516	\$ 68,546	\$ (29,291)

The Town reported \$56,380 in pension expense for the year ended June 30, 2024.

At June 30, 2024 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF BUFFALO, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 46,600	\$ -
Changes of assumptions	-	23,266
Net difference between projected and actual earnings on pension plan investments	153,221	93,923
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	-
Town contributions subsequent to the measurement date	18,545	-
Total	\$ 218,366	\$ 117,189

\$18,545 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, 2024. Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2025	\$ 20,234
2026	10,030
2027	52,864
2028	(496)
2029	-

(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.

(6) PRIOR PERIOD ADJUSTMENT

A prior period adjustment was recorded for \$28,660 to reflect transactions that occurred in prior fiscal year.

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

	Original Budget	Revisions	Revised Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES					
Sales tax	\$ 225,259	\$ 7,500	\$ 232,759	\$ 233,281	\$ 522
Use tax	53,321	30,000	83,321	85,206	1,885
Beverage tax	80,090	-	80,090	81,095	1,005
Franchise taxes	52,848	-	52,848	45,745	(7,103)
Cigarette tax	1,528	-	1,528	1,447	(81)
Licenses and permits	2,500	1,000	3,500	4,112	612
Fines and forfeitures	-	-	-	490	490
Investment income	53,000	10,000	63,000	92,240	29,240
Charges for services	54,000	20,768	74,768	9,642	(65,126)
Rental income	20,000	-	20,000	20,160	160
Intergovernmental	290,603	13,455	304,058	8,955	(295,103)
Donations	-	-	-	5,290	5,290
Royalties	2,500	(500)	2,000	2,215	215
Miscellaneous	5,000	4,500	9,500	11,326	1,826
Total revenues	840,649	86,723	927,372	601,204	(326,168)
EXPENDITURES					
General government:					
General government	292,182	(78,000)	214,182	187,857	26,325
Total general government	292,182	(78,000)	214,182	187,857	26,325
Public safety and judiciary:					
Fire	50,000	3,000	53,000	13,214	39,786
Emergency management	1,000	9,500	10,500	10,037	463
Animal Control	40,399	-	34,899	7,935	26,964
Total public safety and judiciary	91,399	12,500	98,399	31,186	67,213
Cultural, parks and recreation:					
Park	19,000	4,000	23,000	19,067	3,933
Golf course	96,771	10,000	106,771	69,084	37,687
Swimming pool	26,607	6,000	32,607	20,583	12,024
Cemetery	11,500	(7,500)	4,000	1,450	2,550
Library	35,582	-	35,582	26,664	8,918
Total cultural, parks and recreation	189,460	12,500	201,960	136,848	65,112
Transportation:					
Airport	317,272	(3,000)	314,272	6,487	307,785
Street	68,865	(17,000)	51,865	51,728	137
Total transportation	386,137	(20,000)	366,137	58,215	307,922
Economic development:					
Economic development	61,648	-	61,648	57,589	4,059
Total economic development	61,648	-	61,648	57,589	4,059
Total expenditures	1,020,826	(73,000)	942,326	471,695	470,631
Revenue over (under) expenditures	(180,177)	159,723	(14,954)	129,509	(796,799)
OTHER FINANCING SOURCES (USES)					
Operating transfers in/(out)	-	-	-	101,494	101,494
Net other financing sources (uses)	-	-	-	101,494	101,494
Revenues and other financing sources over (under) expenditures and other uses	(180,177)	159,723	(14,954)	231,003	(695,305)
Fund balance at beginning of year (Non-GAAP budgetary basis)				1,904,366	
Fund balance at end of year (Non-GAAP budgetary basis)				\$ 2,135,369	
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Revenue, expenditure and transfer accruals				43,536	
Fund balance at end of year (GAAP basis)				<u>\$ 2,178,905</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

	<u>2021*</u>	<u>2022*</u>	<u>2023*</u>	<u>2024*</u>
Total pension liability				
Service cost	\$ 22,672	\$ 22,743	\$ 26,046	\$ 27,941
Interest	70,603	75,556	78,944	80,003
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	41,837	16,195	26,059	36,745
Changes in assumptions	-	-	(43,856)	-
Benefit payments, including refunds of employee contributions	<u>(72,055)</u>	<u>(65,997)</u>	<u>(72,768)</u>	<u>(73,383)</u>
Net change in total pension liability	\$ 63,057	\$ 48,497	\$ 14,425	\$ 71,306
Total pension liability - beginning	976,755	1,039,812	1,088,309	1,102,734
Total pension liability - ending (a)	<u>\$1,039,812</u>	<u>\$1,088,309</u>	<u>\$1,102,734</u>	<u>\$1,174,040</u>
Plan fiduciary net position				
Contributions - employer	14,236	15,158	20,924	21,414
Contributions - employee	7,665	7,779	8,909	9,118
Net investment income	40,856	276,785	(151,483)	94,066
Benefit payments, including refunds of employee contributions	(72,055)	(65,997)	(72,768)	(73,383)
Administrative expense	(2,097)	(2,055)	(2,124)	(2,309)
Other	-	-	-	-
Net change in plan fiduciary net position	(11,395)	231,670	(196,542)	48,906
Plan fiduciary net position - beginning	1,032,855	1,021,460	1,253,130	1,056,588
Plan fiduciary net position - ending (b)	<u>\$1,021,460</u>	<u>\$1,253,130</u>	<u>\$1,056,588</u>	<u>\$1,105,494</u>
Town's net pension liability - ending (a) - (b)	<u>\$ 18,352</u>	<u>\$ (164,821)</u>	<u>\$ 46,146</u>	<u>\$ 68,546</u>
Plan fiduciary net position as a percentage of the total pension liability	98.24%	115.14%	95.82%	94.16%
Covered-employee payroll	\$ 202,471	\$ 230,637	\$ 254,549	\$ 260,508
Town's net pension liability as a percentage of covered-employee payroll	9.06%	-71.46%	18.13%	26.31%

* 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, 2024

	<u>2021*</u>	<u>2022*</u>	<u>2023*</u>	<u>2024*</u>
Town's portion of the net pension liability (asset)	0.1708%	0.2096%	0.1767%	0.1849%
Town's proportionate share of the net pension liability (asset)	\$ 18,352	\$ (164,821)	\$ 46,146	\$ 68,546
Town's covered-employee payroll	\$ 202,471	\$ 230,637	\$ 254,549	\$ 260,508
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	9.06%	-71.46%	18.13%	26.31%
Plan fiduciary net position as a percentage of the total pension liability	98.20%	113.15%	95.63%	93.80%

SCHEDULE OF TOWN CONTRIBUTIONS
Oklahoma Municipal Retirement Plan

	<u>2021*</u>	<u>2022*</u>	<u>2023*</u>	<u>2024*</u>
Actuarially determined contribution	\$ 14,236	\$ 15,158	\$ 21,414	\$ 18,545
Contributions in relation to the actuarially determined contribution	<u>(14,236)</u>	<u>(15,158)</u>	<u>(21,414)</u>	<u>(18,545)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 202,471	\$ 230,637	\$ 254,549	\$ 260,508
Contributions as a percentage of covered-employee payroll	7.03%	6.57%	8.41%	7.12%

* 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, 2024, 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 March 18, 2025.

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 2024-001 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

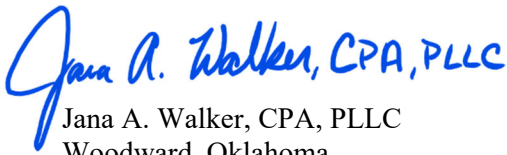
As part of obtaining reasonable assurance about whether Town of Buffalo, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 2024-002.

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
March 18, 2025

Schedule of Findings and Responses
Town of Buffalo
Fiscal Year Ended June 30, 2024

Finding 2024-001

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 2024-002

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, 2024

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.

Current Status: Reported as finding 2024-001.

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.

Current Status: Reported as finding 2024-002.