

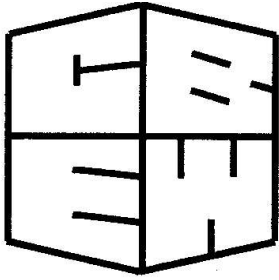


**ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

**AS OF AND FOR THE FISCAL YEAR
ENDED JUNE 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

December 5, 2023

To the Honorable Town Council
Town of Hinton, Oklahoma

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter - Basis of Accounting

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

Responsibility of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Other Matters

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Town of Hinton
December 5, 2023

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2023, on our consideration of the Town'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 results of that testing, and not to provide an opinion on the effectiveness of the Town'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 the Town's internal control over financial reporting and compliance.

CBEW Professional Group, LLP

CBEW Professional Group, LLP
Certified Public Accountants

TOWN OF HINTON, OKLAHOMA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,618,944	\$ 1,890,330	\$ 4,509,274
Restricted cash	-	208,949	208,949
Internal balances	265,236	(265,236)	-
Total assets	<u>2,884,180</u>	<u>1,834,043</u>	<u>4,718,223</u>
LIABILITIES			
Due to depositors	-	-	-
Deposits subject to payment	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS			
Restricted	-	-	-
Committed	-	-	-
Assigned	2,581,172	-	2,581,172
Unassigned	303,008	1,834,043	2,137,051
Total net assets	<u><u>\$ 2,884,180</u></u>	<u><u>\$ 1,834,043</u></u>	<u><u>\$ 4,718,223</u></u>

TOWN OF HINTON, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2023

	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Governmental activities:							
General government	\$ 813,998	\$ 9,116	\$ -	\$ -	\$ (804,882)	\$ -	\$ (804,882)
Public safety							
Police	542,240	12,073	-	-	(530,167)	-	(530,167)
Municipal court	8,539	-	-	-	(8,539)	-	(8,539)
Fire	167,661	-	-	-	(167,661)	-	(167,661)
Public services	116,460	-	-	-	(116,460)	-	(116,460)
0 Cultural and recreation:	366,046	-	559,022	-	192,976	-	192,976
Interest on long term debt	-	-	-	-	-	-	-
Total Governmental activities	2,014,944	21,189	559,022	-	(1,434,733)	-	(1,434,733)
Business-type activities:							
Water and sewer	930,112	610,674	-	-	-	(319,438)	(319,438)
Sanitation	285,015	268,959	-	-	-	(16,056)	(16,056)
Airport	536,267	107,073	-	-	-	(429,194)	(429,194)
Economic development	426,184	100,000	-	-	-	(326,184)	(326,184)
Total Business-type activities	2,177,578	1,086,706	-	-	-	(1,090,872)	(1,090,872)
Total Primary Government	\$ 4,192,522	\$ 1,107,895	\$ 559,022	\$ -	\$ (1,434,733)	\$ (1,090,872)	\$ (2,525,605)
General revenues:							
Taxes:							
Sales and use taxes					1,338,719	-	1,338,719
Franchise and public service taxes					56,058	-	56,058
Investment income					31,454	14,470	45,924
Miscellaneous					164,652	780,005	944,657
Transfers					161,795	(161,795)	-
Total general revenues and transfers					1,752,678	632,680	2,385,358
Change in net assets					317,945	(458,192)	(140,247)
Net assets, beginning					2,566,235	2,292,235	4,858,470
Net assets, ending					\$ 2,884,180	\$ 1,834,043	\$ 4,718,223

TOWN OF HINTON, OKLAHOMA
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 564,130	\$ 2,054,814	\$ 2,618,944
Due from other funds	265,236	526,358	791,594
Total assets	<u>\$ 829,366</u>	<u>\$ 2,581,172</u>	<u>\$ 3,410,538</u>
LIABILITIES			
Due to other funds	\$ 526,358	\$ -	\$ 526,358
Total liabilities	<u>526,358</u>	<u>-</u>	<u>526,358</u>
FUND BALANCES			
Restricted	-	-	-
Committed	-	-	-
Assigned	-	2,581,172	2,581,172
Unassigned	303,008	-	303,008
Total fund balances	<u>303,008</u>	<u>2,581,172</u>	<u>2,884,180</u>
 Total liabilities and fund balances	 <u>\$ 829,366</u>	 <u>\$ 2,581,172</u>	 <u>\$ 3,410,538</u>

TOWN OF HINTON, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Taxes	\$ 1,044,860	\$ 349,917	\$ 1,394,777
Intergovernmental	559,022	-	559,022
Fines and forfeitures	12,073	-	12,073
Licenses and permits	9,116	-	9,116
Investment income	11,787	19,667	31,454
Miscellaneous	164,652	-	164,652
Total revenues	<u>1,801,510</u>	<u>369,584</u>	<u>2,171,094</u>
EXPENDITURES			
Current:			
General Government	797,294	-	797,294
Public Safety			
Police	542,240	-	542,240
Municipal court	8,539	-	8,539
Fire	167,661	-	167,661
Public Services	109,299	7,161	116,460
Cultural and Recreation	321,422	44,624	366,046
Debt Service	-	-	-
Capital Outlay	16,704	-	16,704
Total Expenditures	<u>1,963,159</u>	<u>51,785</u>	<u>2,014,944</u>
Excess (deficiency) of revenues over expenditures	<u>(161,649)</u>	<u>317,799</u>	<u>156,150</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	359,343	375,947	735,290
Transfers out	<u>(363,117)</u>	<u>(210,378)</u>	<u>(573,495)</u>
Total other financing sources and uses	<u>(3,774)</u>	<u>165,569</u>	<u>161,795</u>
Net change in fund balances	<u>(165,423)</u>	<u>483,368</u>	<u>317,945</u>
Fund balances, July 1, 2022	468,431	2,097,804	2,566,235
Fund balances, June 30, 2023	<u><u>\$ 303,008</u></u>	<u><u>\$ 2,581,172</u></u>	<u><u>\$ 2,884,180</u></u>

TOWN OF HINTON, OKLAHOMA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
JUNE 30, 2023

	Public Works Authority	Airport Authority	Economic Development Authority	Total
Assets				
Current Assets:				
Cash	\$ 345,329	\$ 28,619	\$ 1,516,382	\$ 1,890,330
Restricted cash	129,632	79,317	-	208,949
Due from other funds	127,760	-	-	127,760
	<u>602,721</u>	<u>107,936</u>	<u>1,516,382</u>	<u>2,227,039</u>
Total Assets	602,721	107,936	1,516,382	2,227,039
Current Liabilities:				
Due to other funds	<u>258,790</u>	<u>127,760</u>	<u>6,446</u>	<u>392,996</u>
Total current liabilities	<u>258,790</u>	<u>127,760</u>	<u>6,446</u>	<u>392,996</u>
Total Liabilities	258,790	127,760	6,446	392,996
Net Assets				
Restricted	-	-	-	-
Unrestricted	<u>343,931</u>	<u>(19,824)</u>	<u>1,509,936</u>	<u>1,834,043</u>
Total Net Assets	<u>\$ 343,931</u>	<u>\$ (19,824)</u>	<u>\$ 1,509,936</u>	<u>\$ 1,834,043</u>

TOWN OF HINTON, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

	Public Works Authority	Airport Authority	Economic Development Authority	Total
Operating revenues				
Water	\$ 382,522	\$ -	\$ -	\$ 382,522
Sewer	203,852	-	-	203,852
Sanitation	268,959	-	-	268,959
Fuel sales	-	102,328	-	102,328
Other	24,300	4,745	100,000	129,045
Total operating revenue	<u>879,633</u>	<u>107,073</u>	<u>100,000</u>	<u>1,086,706</u>
Operating expenses				
General and administrative	362,266	-	-	362,266
Water and sewer	241,511	-	-	241,511
Sanitation	194,448	-	-	194,448
Airport	-	536,267	-	536,267
Economic development	-	-	384,087	384,087
Total operating expenses	<u>798,225</u>	<u>536,267</u>	<u>384,087</u>	<u>1,718,579</u>
Operating income (loss)	<u>81,408</u>	<u>(429,194)</u>	<u>(284,087)</u>	<u>(631,873)</u>
Nonoperating revenues (expenses)				
Grant income	-	356,908	-	356,908
Rental income	-	19,423	44,240	63,663
Interest income	-	78	14,392	14,470
Proceeds on sale of assets	-	-	113,065	113,065
Capital outlay	(363,480)	-	(42,097)	(405,577)
Debt service:	-	-	-	-
Principal retirement	(53,422)	-	-	(53,422)
Interest expense and fees	-	-	-	-
Total nonoperating revenues (expenses)	<u>(416,902)</u>	<u>376,409</u>	<u>129,600</u>	<u>89,107</u>
Transfers and other financing sources				
Proceeds from long-term debt	246,369	-	-	246,369
Transfers in	11,005	13,200	-	24,205
Transfers out	(186,000)	-	-	(186,000)
Changes in net assets	<u>(264,120)</u>	<u>(39,585)</u>	<u>(154,487)</u>	<u>(458,192)</u>
Net assets, beginning	608,051	19,761	1,664,423	2,292,235
Net assets, ending	<u>\$ 343,931</u>	<u>\$ (19,824)</u>	<u>\$ 1,509,936</u>	<u>\$ 1,834,043</u>

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

In determining the financial reporting entity, the Town complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" that requires the primary government and all component units of which the primary government is financially accountable be included in the financial report. The Town's financial reporting entity includes two separate legal entities reported as the primary government.

The Town of Hinton – an incorporated Town that operates under a council-mayor form of government under *Title 11, of the Oklahoma Statutes*. The Town provides the following services public safety, streets and public works, health and welfare, culture and recreation, and administrative activities of the Town – *reported as part of the primary government*.

Blended Component Unit/Trusts:

The Hinton Public Works Authority ("HPWA") - public trust created on April 5, 1988, pursuant to 60 Oklahoma Statutes 1991, § 176 et seq. to operate the water, wastewater, and sanitation services of the Town, with the Town Council serving as the governing body of the trust – *considered part of the primary government presentation for reporting purposes*.

For the above public trust, the Town of Hinton is the beneficiary of the trust and the Town Council serve as the governing body of the trust. In addition, as required by state law, all debt obligations incurred by the trust must be approved by two-thirds vote of the Town Council. This is considered sufficient imposition of will to include the trust within the Town's financial reporting entity. The HPWA is presented as a proprietary fund type. Separate financial statements have not been prepared for this component unit.

The Hinton Airport Authority ("HAA") was created March 1, 1993 designating the Town as the beneficiary, to plan establish, develop, construct, enlarge, improve, maintain, equip, operate, regulate, protect, and police airports or other navigational facilities. Trustees of HAA are appointed by the Town Council and may be removed at will by the Town Council. The HAA is reported as a proprietary fund type. Separate financial statements have not been prepared for this component unit.

The Hinton Educational Facilities Authority ("HEFA") was created on June 13, 2005 designating the Town as beneficiary, to plan, develop and construct a multi-purpose facility at the existing school site in Hinton. The Town Council serves as trustees of HEFA. The HEFA is reported as a proprietary fund type. Separate financial statements have not been prepared for this component unit.

The Hinton Economic Development Authority ("HEDA" or the "Authority") was created June 29, 1987, to finance, develop and promote economic development activities of the Town. Trustees are appointed by the Mayor and confirmed by the Town Council and may be removed for cause by the Council. The Town assumes no responsibility for the day to day operations. The Town has no obligation for the debt of the Authority. HEDA owns a medium security correctional facility which it has leased to Cornell Corrections of Oklahoma, Inc. Separate financial statement of HEDA may be obtained by contacting their office.

B. Basis of Accounting and Presentation

Government-Wide Financial Statements:

The statement of net position and statement of revenues, expenses, and changes in net position are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles.

These modifications include adjustments for the following balances arising from cash transactions:

- cash-based interfund receivables and payables
- other cash-based receivables/payables
- investments
- utility deposit liabilities

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Program revenues within the statement of activities are derived directly from each activity or from parties outside the Town's taxpayers. The Town has the following program revenues in each activity:

- General government: License and permits
- Public safety: Fine revenue and operating grants
- Public services: Gas excise and commercial vehicle taxes
- Culture and recreation: Rental income, recreation charges

The business-type activities are reported on a modified cash basis and the current financial resources measurement focus, as defined above. This has been applied as applicable, unless the modified cash basis conflicts with or contradicts GASB pronouncements, in which case, GASB prevails.

Governmental Funds:

The Town's governmental funds are comprised of the following:

Major Funds:

- General Fund - accounts for all activities not accounted for in other special-purpose funds.
- Special Revenue Fund – account for the dedicated 1% sales tax to be used for capital improvements, in Recreation, Library and Park Facilities, health services programs and improvements and infrastructure programs.

1. Summary of Significant Accounting Policies (Continued)

The governmental funds are reported on a modified cash basis of accounting and current financial resources measurement focus. Only current financial assets and liabilities are generally included on the fund balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. These fund financial statements use fund balance as their measure of available spendable financial resources at the end of the period. The reconciliation of the governmental funds financial statements to the governmental activities presentation in the government-wide financial statements is the result of the use of the economic resources measurement focus at the government-wide level.

Proprietary Funds:

Major Funds:

The Town's proprietary funds are comprised of the following:

- Hinton Public Works Authority (HPWA) – accounts for activities as set forth in the trust indentures and other operations as assigned by trustee members.
- Hinton Airport Authority (HAA) –accounts for activities as set forth in the trust indentures and other operations as assigned by trustee members.
- Hinton Economic Development Authority (HEDA) – accounts for rental income from the private prison and helps the expansion of business development.

The proprietary funds are reported on a modified cash basis and the current financial resources measurement focus, as defined above. This has been applied as applicable, unless the modified cash basis conflicts with or contradicts GASB pronouncements, in which case, GASB prevails.

For purposes of the statement of revenues, expenses and changes in fund net position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

C. Cash, Cash Equivalents, and Investments

Cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three-months or less, and money market accounts.

1. Summary of Significant Accounting Policies (Continued)

D. Capital Assets and Depreciation

Due to the use of the modified cash basis accounting, capital assets and related depreciation are reported only in the notes. Capital assets are defined by the Town as assets with an initial individual cost of \$1,000, and an estimated life in excess of one year. Such assets are recorded at historical cost and depreciated using the straight-line method. See Note 9.

E. Long-Term Debt

Due to the use of the modified cash basis accounting, long-term debt obligations are reported only in the notes. The Town does not have any long-term debt at June 30, 2023, see Note 10.

F. Compensated Absences

As a result of the use of the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the financial statements. Expenditures/expenses related to compensated absences are recorded when paid. The amount of accrued compensated absences for accumulated, unpaid compensatory time that would be due employees upon termination is reported as a commitment in Note 8. The city pays vacation leave with no limit to carry overs, but does not pay accrued sick leave.

G. Fund Balances and Net Assets

Government-Wide Statements:

Equity is classified as net position and displayed in two components:

- a) *Restricted net position* - Consists of net position with constraints placed on the 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.
- b) *Unrestricted net position* - All other net position that do not meet the definition of “restricted.”

It is the Town’s policy to first use restricted net position prior to the use of unrestricted net position when expenditures are incurred for purposes for which both restricted and unrestricted net position are available.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. The classifications are defined as:

- a) Nonspendable – includes amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact.
- b) Restricted – consists of fund balance with constraints placed on the use of resources either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c) Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town’s highest level of decision-making authority. The Town’s highest level of decision-making authority is made by ordinance.

1. Summary of Significant Accounting Policies (Continued)

- d) Assigned – includes amounts that are constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by Town council action or management decision when the Town commission has delegated that authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process.
- e) Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

It is the Town’s policy to first use restricted fund balance prior to the use of unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The Town’s policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Proprietary fund equity is classified the same as in the government-wide statements.

H. Internal and Interfund Balances and Transfers

The Town’s policy is to eliminate interfund transfers and balances in the statement of activities and net position to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances then offset in the total column in the government-wide statements. Internal transfers and balances between funds are not eliminated in the fund financial statements.

2. Deposits and Investments

For the year ended June 30, 2023, the Town recognized \$45,924 of investment income. At June 30, 2023, the primary government held the following deposits and investments:

Type		<u>Carrying</u> <u>Value</u>
Deposits:		
Demand deposits		\$1,180,843
Certificate of deposit		500,000
Investments:		
Money market	AAAm	3,307,380
Total deposits and investments		<u><u>\$4,718,223</u></u>
Reconciliation to Statement of Net Assets:		
Cash and cash equivalents		\$4,509,274
Restricted cash		208,949
		<u><u>\$ 4,718,223</u></u>

2. Deposits and Investments (Continued)

Custodial Credit Risk

Exposure to custodial credit related to deposits exists when the Town holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Town's name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the Town holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Town's name.

The Town's policy as it relates to custodial credit risk is to comply with state law and secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100% of the uninsured deposits and accrued interest thereon. Acceptable collateral is defined in state statutes and includes U.S. Treasury securities and direct debt obligations of municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Town must have a written collateral agreement approved by the board of directors or loan committee. At June 30, 2023, the Town had collateral to cover all bank balances.

Investment Credit Risk

The Town limits its investments to those allowed in state law applicable to municipalities. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies—as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. The Town's only marketable investments at June 30, 2023 consisted of \$3,307,380 in money market funds invested in U.S. Treasury securities with a credit rating of AAAm by Standard and Poors.

Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town's has no investment policy that limits based on maturity. The Town discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments. As noted in the schedule of deposits and investments above, at June 30, 2023, the investments were limited to a time deposits and shares of money market funds invested in U.S. Treasury securities not exposed to interest rate risk.

2. Deposits and Investments (Continued)

Concentration of Investment Credit Risk

Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the Town (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The Town has no investment policy regarding concentration of credit risk. At June 30, 2023, the Town had no concentration of credit risk as defined above.

Restricted cash and Investments – The amounts reported as restricted assets on the statement of net position are comprised of amounts for utility deposits.

3. Sales Tax Revenue

Sales tax revenue represents a 3 cent local tax on each dollar of taxable sales within the Town, of which 1 cent is restricted. One third of the 1 cent is for library, recreation, and park facilities programs and improvements, one third of the 1 cent is for health services programs and improvements, and one third of the one cent is for infrastructure programs and improvements. This sales tax as written in Section 1-86 of Article 5, Chapter 1 of the Code of Ordinances, Town of Hinton, Oklahoma was extended by ordinance 2012-01.

4. Property Tax Levy

The Town presently levies no property tax. In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the Town.

5. Internal and Interfund Balances and Transfers

Interfund receivable and payables at June 30, 2023 were comprised of the following:

Due from	Amount	Due to
General Fund	526,358	Special Revenue
Airport	127,760	HPWA
HEDA	6,446	General Fund
Public Works	258,790	General Fund

5. Internal and Interfund Balances and Transfers (continued)

Transfers are comprised of the following:

Transfer From	Transfer To	Amount	Purpose of Transfer
General Fund	Airport	13,200	Operational purposes
General Fund	Special Revenue	399,917	Operational purposes
HPWA	General Fund	186,000	Operational purposes
Special Revenue	HPWA	11,005	Operational purposes
Special Revenue	General Fund	123,343	Operational purposes

6. Risk Management

The Town and its public trusts are exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. These risks are managed by securing commercial insurance for all risks. Management believes such insurance coverage is sufficient to preclude any significant uninsured losses. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

7. Employee Retirement Plan Participation

The Town of Hinton participates in four pension or retirement plans:

- Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
- Oklahoma Public Employees Retirement System (OPERS) – an agent multiple-employer defined benefit plan

Firefighter Pension System:

Plan Summary Information. The Town of Hinton, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Firefighter's Pension and Retirement System (OFPRS). The OFPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the Town must participate in the plan if they employ full-time or volunteer firefighters.

The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OFPRS, 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73105-3414.

Funding Policy. OFPRS plan members are required to contribute 8% to the plan. The Town is required by state law to contribute 13% per year of covered payroll per paid firefighter. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

7. Employee Retirement Plan Participation (Continued)

Firefighter Pension System (continued)

The OFPRS contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2021	\$1,020	\$1,020
2022	\$1,320	\$1,320
2023	\$1,080	\$1,080

Police Pension System:

Plan Summary Information. The Town of Hinton, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Police Pension and Retirement System (OPPRS). The OPPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the Town must participate in the plan if they employ a certain number of full-time police officers.

The OPPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OPPRS, 1001 N.W. 63rd St., Suite 605, Oklahoma City, OK 73116-7335.

Funding Policy. OPPRS plan members are required to contribute 8% to the plan. The Town is required by state law to contribute 13% per year of covered payroll for each police officer. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OPPRS contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2021	\$34,620	\$34,620
2022	\$29,898	\$29,898
2023	\$33,371	\$33,371

7. Employee Retirement Plan Participation (Continued)

Oklahoma Public Employees Retirement System (OPERS)

Plan Description- The OPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The ability to establish and amend benefit provisions is delegated to state legislature. The OPERS issues a publicly available financial report that includes financial statements and required supplementary information for the non-firefighting employees of the Town. That report may be obtained by writing to the Oklahoma Public Employees Retirement System, P.O. Box 53007, Oklahoma City, Oklahoma 73152, or by calling 1-405-858-6737.

Oklahoma Public Employees Retirement System (OPERS) (continued)

Funding Policy- Plan members (including eligible employees of the Hinton Economic Development Authority) are required to contribute 8% of their annual covered salary and the Town of Hinton contributes 12% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by the state legislature. Contributions to the OPERS for the year ended June 30, 2023, for employees and employer were \$51,822 and \$69,129, respectively, on covered payroll of \$604,755.

8. Commitments and Contingencies

Compensated Absences:

As a result of the Town's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation leave) earned but unpaid at year-end are not reflected in the basic financial statements. The compensated absence commitment at June 30, 2023, is summarized as follows:

Public Works Authority – accrued compensated	\$ 11,206
General Fund – accrued compensated absences	55,967
Total	\$ 67,173

Litigation:

The Town is party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a Town "Sinking Fund" for the payment of any court assessed judgment rendered against the Town. These statutory provisions do not apply to the Town's public trust Authorities. 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.

TOWN OF HINTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

9. Capital assets

	<u>Beginning</u>	<u>Additions /</u> <u>Adjustments</u>	<u>Deletions</u>	<u>Ending</u>
<i>Non-depreciable</i>				
Land	\$ 2,920,319	\$ -	\$ -	\$ 2,920,319
<i>Depreciable</i>				
Vehicles	1,030,404	24,670	-	1,055,074
Buildings	110,874,833	-	(191,046)	110,683,787
Computers	71,581	3,040	-	74,621
Machinery & equipment	1,716,325	73,022	-	1,789,347
Office equipment	35,240	-	-	35,240
Land improvement	1,555,003	-	-	1,555,003
Infrastructure - HPWA	3,796,868	298,293	-	4,095,161
Infrastructure	<u>737,036</u>	<u>65,187</u>	<u>-</u>	<u>802,223</u>
	122,737,609			123,010,775
Accumulated depreciation	<u>110,838,931</u>	858,780	(39,514)	111,658,197
Net capital assets	<u>\$ 11,898,678</u>			<u>\$ 11,352,578</u>

10. Long-term debt

On December 1, 2020, the Town obtained a \$3.139 million loan through the Clean Water State Revolving Fund loan program with Oklahoma Water Resources Board. At June 30, 2023, the Town had drawn down \$246,369 in funds from this loan. The have made payments totaling \$53,422

11. Subsequent events

Management has evaluated subsequent events and transactions through the date of the audit report, which is the date the financial statements were available to be issued.

OTHER INFORMATION

JUNE 30, 2023

UNAUDITED
TOWN OF HINTON, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS)
GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Favorable
	Original	Final	Budget	(Unfavorable)
			Basis	Variance
REVENUES				
Taxes	\$ 850,000	\$ 850,000	\$ 1,044,860	\$ 194,860
Intergovernmental	159,053	159,053	559,022	399,969
Charges for Services	17,600	17,600	9,116	(8,484)
Fines & Forfeitures	15,100	15,100	12,073	(3,027)
Interest	2,000	1,000	11,787	10,787
Other	401,600	401,600	164,652	(236,948)
Total Revenues	1,445,353	1,444,353	1,801,510	357,157
EXPENDITURES				
Administration				
Personal Services	368,150	368,150	428,515	(60,365)
Materials & Supplies	10,000	10,000	13,203	(3,203)
Other Services & Charges	109,000	109,000	20,945	88,055
Capital Outlay	-	-	-	-
Animal Control				
Personal Services	13,460	13,460	13,435	25
Materials & Supplies	2,500	2,500	2,486	14
Other Services & Charges	3,000	3,000	2,658	342
Capital Outlay	-	-	1,158	(1,158)
Fire				
Personal Services	45,720	45,720	38,190	7,530
Materials & Supplies	10,360	10,360	15,501	(5,141)
Other Services & Charges	73,420	73,420	113,969	(40,549)
Capital Outlay	-	-	6,895	(6,895)
Police				
Personal Services	385,300	385,300	469,886	(84,586)
Materials & Supplies	3,000	3,000	8,112	(5,112)
Other Services & Charges	71,550	71,550	64,242	7,308
Capital Outlay	-	-	-	-
Court				
Personal Services	4,800	4,800	4,800	-
Other Services & Charges	4,000	4,000	3,739	261
Streets				
Personal Services	25,836	25,836	11,455	14,381
Materials & Supplies	10,500	10,500	706	9,794
Other Services & Charges	35,000	35,000	50,242	(15,242)
Capital Outlay	-	-	-	-
Library				
Personal Services	77,398	77,398	91,181	(13,783)
Materials & Supplies	19,053	19,053	19,165	(112)
Other Services & Charges	6,500	6,500	50,673	(44,173)
Capital Outlay	-	-	-	-
Parks				
Personal Services	79,315	79,315	133,157	(53,842)
Materials & Supplies	3,000	3,000	2,728	272
Other Services & Charges	21,550	21,550	34,327	(12,777)
Capital Outlay	-	-	-	-
Code Enforcement				
Personal Services	30,664	30,664	42,093	(11,429)
Materials & Supplies	3,000	3,000	1,239	1,761
Other Services & Charges	3,750	3,750	3,491	259
Capital Outlay	-	-	-	-
Emergency Management				
Personal Services	23,475	23,475	22,488	987
Other Services & Charges	-	-	6,752	(6,752)
General Government				
Other Services & Charges	137,200	137,200	285,728	(148,528)
Capital Outlay	-	-	-	-
Total Expenditures	1,580,501	1,580,501	1,963,159	(382,658)
Excess (deficiency) of revenues over expenditures	(135,148)	(136,148)	(161,649)	739,815
Other Financing Sources (Uses)				
Transfers in	260,000	260,000	359,343	99,343
Transfers out	(43,200)	(43,200)	(363,117)	(319,917)
Total other financing sources and uses	216,800	216,800	(3,774)	(220,574)
Net change in fund balances	81,652	80,652	(165,423)	-
Fund balance, July 1, 2022	-	-	468,431	-
Fund balance, June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 303,008</u>	<u>\$ -</u>

UNAUDITED
TOWN OF HINTON, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS)
SPECIAL REVENUE
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Favorable
	Original	Final	Budget	(Unfavorable)
			Basis	Variance
REVENUES				
Taxes	\$ 320,000	\$ 320,000	\$ 349,917	\$ 29,917
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Fines & Forfeitures	-	-	-	-
Interest	-	-	19,667	19,667
Other	-	-	-	-
Total Revenues	<u>320,000</u>	<u>320,000</u>	<u>369,584</u>	<u>49,584</u>
EXPENDITURES				
Public Health/ Ambulance				
Personal Services	-	-	-	-
Materials & Supplies	19,300	19,300	-	19,300
Other Services & Charges	264,000	264,000	7,161	256,839
Capital Outlay	5,000	5,000	-	5,000
Recreation				
Personal Services	-	-	-	-
Materials & Supplies	-	-	-	-
Other Services & Charges	-	-	44,624	(44,624)
Capital Outlay	-	-	-	-
Library				
Personal Services	-	-	-	-
Materials & Supplies	-	-	-	-
Other Services & Charges	50,000	-	-	-
Capital Outlay	-	-	-	-
Infrastructure				
Personal Services	-	-	-	-
Materials & Supplies	-	-	-	-
Other Services & Charges	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>338,300</u>	<u>288,300</u>	<u>51,785</u>	<u>236,515</u>
Excess (deficiency) of revenues over expenditures	(18,300)	31,700	317,799	(186,931)
Other Financing Sources (Uses)				
Transfers in	-	-	375,947	375,947
Transfers out	-	-	(210,378)	(210,378)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>165,569</u>	<u>165,569</u>
Net change in fund balances	<u>(18,300)</u>	<u>31,700</u>	<u>483,368</u>	<u>-</u>
Fund balance, July 1, 2022	-	-	2,097,804	-
Fund balance, June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,581,172</u>	<u>\$ -</u>

NOTES TO OTHER INFORMATION
YEAR ENDED JUNE 30, 2023
(UNAUDITED)

BUDGETARY INFORMATION

Budget Law

The City prepares its annual operating budget under Titles 11 of the Oklahoma Statutes. Under the provisions of these statutes, the City uses the following process when adopting their budget:

- Prior to June 1, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1.
- Public hearing are conducted to obtain citizen comments. At least one public hearing must be held no later than 15 days prior to July 1.
- Subsequent to the public hearings but no later than seven days prior to July 1, the budget is adopted by resolution of the City Council.
- The adopted budget is filed with the Office of State Auditor and Inspector.

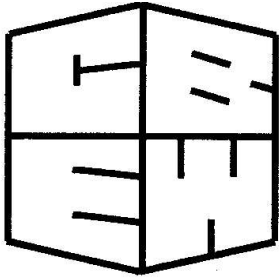
The legal level of control at which expenditures may not legally exceed appropriations is object category level by department within a fund. The Budget Act recognizes the following object categories as the minimum legal level of control by department within a fund:

- Personal services
- Materials and supplies
- Other services and charges
- Capital outlay
- Debt service
- Interfund transfers

All transfers of appropriations between departments and supplemental appropriations require City Council approval. The Mayor may transfer appropriations between object categories within a department without City Council approval. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector.

Basis of Accounting

The budget is prepared on the modified cash basis of accounting. Revenues and expenditures are reported when they result from cash transactions except for certain expenditures which are recorded when a commitment to purchase goods or services is made (encumbered).



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

December 5, 2023

To the Honorable Town Council
Town of Hinton
Hinton, 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 modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hinton, 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 Hinton, Oklahoma's basic financial statements, and have issued our report thereon dated December 5, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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 the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

CBEW Professional Group, LLP

CBEW Professional Group, LLP
Certified Public Accountants