

**TOWN OF OOLOGAH
ROGERS COUNTY, OKLAHOMA**

ANNUAL FINANCIAL STATEMENTS
AND ACCOMPANYING
INDEPENDENT AUDITOR'S REPORTS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

DAVID CLANIN CPA PLLC

35988 OKLAHOMA 82, VINITA, OK 74301
(918) 519-8336 PHONE
(918) 512-4646 FAX
DAVID@CLANINCPA.COM

**Town of Oologah
Rogers County, Oklahoma
Table of Contents**

Independent Auditor's Report.....	1 – 2
Reports Required by <i>Government Auditing Standards</i> :	
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 <i>Government Auditing Standards</i>	3 – 4
Basic Financial Statements:	
<i>Government – Wide Financial Statements</i>	
Statement of Net Position – Modified Cash Basis	5
Statement of Activities – Modified Cash Basis	6
<i>Fund Financial Statements</i>	
Balance Sheet – Governmental Funds – Modified Cash Basis	7
Reconciliation of the Governmental Fund and Government – Wide Statement of Net Position – Modified Cash Basis	8
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds – Modified Cash Basis	9
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government – Wide Statement of Activities – Modified Cash Basis	10
Statement of Net Position – Proprietary Fund – Modified Cash Basis	11
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund – Modified Cash Basis	12
Statement of Cash Flows – Proprietary Fund – Modified Cash Basis	13 – 14
Notes to the Financial Statements	15 – 24

Office:
35988 Oklahoma 82
Vinita, OK 74301
(918) 782-3773



Mailing:
P.O. Box 745
Langley, OK 74350
(918) 519-8336

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Town Council
Town of Oologah, Oklahoma

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Oologah, "the 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 financial position of the Town as of June 30, 2023, and the changes in its financial position and, where applicable, cash flows for the year then ended in accordance with the modified cash basis of accounting.

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, 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 the modified cash basis of accounting and for determining that the modified cash basis of accounting is an acceptable basis of accounting under 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.

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'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 opinion. 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 Town'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'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.

Basis of Accounting

We draw attention to Note I 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.

Other Matters

The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 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 to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

 David Chan CPA PLLC

November 8, 2023

Office:
35988 Oklahoma 82
Vinita, OK 74301
(918) 782-3773



Mailing:
P.O. Box 745
Langley, OK 74350
(918) 519-8336

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 Honorable Mayor and Town Council
Town of Oologah, Oklahoma

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Oologah, Oklahoma, as of and for the year ended June 30, 2023, which collectively comprise the Town of Oologah, Oklahoma's basic financial statements and have issued our report thereon dated November 8, 2023. 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.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered Town of Oologah, Oklahoma's internal control over financial reporting as a basis for designing our auditing procedures 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 Oologah, Oklahoma's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Oologah, Oklahoma's internal control over financial reporting.

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 weakness or, significant deficiencies. Given these limitations, during our audit we did not note any matters involving the internal control over financial reporting that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Oologah, Oklahoma'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 my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "David Clanin CPA PLLC". The signature is written in a cursive, flowing style.

David Clanin, CPA PLLC
November 8, 2023

Town of Oologah, Oklahoma
Statement of Net Position – Modified Cash Basis
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 976,533	\$ 797,122	\$ 1,773,655
Total Current Assets	<u>976,533</u>	<u>797,122</u>	<u>1,773,655</u>
Noncurrent Assets:			
Cash and Investments	20,000	-	20,000
Lease Purchase Receivable	-	366,020	366,020
Capital Assets:			
Property, Plant and Equipment, net	1,364,910	1,842,054	3,206,964
Total Noncurrent Assets	<u>1,384,910</u>	<u>2,208,074</u>	<u>3,592,984</u>
 TOTAL ASSETS	 <u>2,361,443</u>	 <u>3,005,196</u>	 <u>5,366,639</u>
 LIABILITIES			
Current Liabilities:			
Health Reserve Account	6,706	-	6,706
TOTAL LIABILITIES	<u>6,706</u>	<u>-</u>	<u>6,706</u>
 NET POSITION			
Net Investment in Capital Assets	1,364,910	1,842,054	3,206,964
Restricted	4,470	-	4,470
Unrestricted	985,357	1,163,142	2,148,499
TOTAL NET POSITION	<u>\$ 2,354,737</u>	<u>\$ 3,005,196</u>	<u>\$ 5,359,933</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Oologah, Oklahoma
Statement of Activities – Modified Cash Basis
June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 298,700	\$ 4,581	\$ -	\$ 228,583	\$ (65,536)	\$ -	\$ (65,536)
Street and Alley	26,707	-	-	-	(26,707)	-	(26,707)
Public Safety and Judicial	496,721	42,446	-	-	(454,275)	-	(454,275)
Cemetery	861	750	-	-	(111)	-	(111)
Economic Development	70,610	-	-	-	(70,610)	-	(70,610)
Parks and Recreation	139,926	-	-	-	(139,926)	-	(139,926)
Total Governmental Activities	<u>1,033,525</u>	<u>47,777</u>	<u>-</u>	<u>228,583</u>	<u>(757,165)</u>	<u>-</u>	<u>(757,165)</u>
Business-Type Activities:							
Sewer and Trash	<u>404,462</u>	<u>317,465</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(86,997)</u>	<u>(86,997)</u>
Total	<u><u>1,437,987</u></u>	<u><u>365,242</u></u>	<u><u>-</u></u>	<u><u>228,583</u></u>	<u><u>(757,165)</u></u>	<u><u>(86,997)</u></u>	<u><u>(844,162)</u></u>
General Revenues:							
Taxes:							
Sales and Use Taxes					677,833	-	677,833
Franchise Tax					49,188	-	49,188
Motor Vehicle Collections					11,645	-	11,645
Alcoholic Beverage Tax					25,565	-	25,565
Tobacco Tax					4,844	-	4,844
Investment Income					9,894	14,648	24,542
Miscellaneous Income (Expense)					23,212	36,500	59,712
Transfers					(235,000)	235,000	-
Total General Revenues and Transfers					<u>567,181</u>	<u>286,148</u>	<u>853,329</u>
Change in Net Position					(189,984)	199,151	9,167
Net Position, Beginning of Year					<u>2,544,721</u>	<u>2,806,045</u>	<u>5,350,766</u>
Net Position, End of Year					<u><u>\$ 2,354,737</u></u>	<u><u>\$ 3,005,196</u></u>	<u><u>\$ 5,359,933</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Oologah, Oklahoma
Balance Sheet – Governmental Funds – Modified Cash Basis
June 30, 2023

	General Fund	Street and Alley	Cemetery	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 972,513	\$ 952	\$ 3,068	\$ 976,533
Investments	20,000	-	-	20,000
Due (to) from other funds	(450)	-	450	-
TOTAL ASSETS	<u>\$ 992,063</u>	<u>\$ 952</u>	<u>\$ 3,518</u>	<u>\$ 996,533</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Health Reserve Account	\$ 6,706	\$ -	\$ -	\$ 6,706.00
Fund Balances:				
Restricted	-	952	3,518	4,470
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	985,357	-	-	985,357
Total Fund Balances	<u>985,357</u>	<u>952</u>	<u>3,518</u>	<u>989,827</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 992,063</u>	<u>\$ 952</u>	<u>\$ 3,518</u>	<u>\$ 996,533</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Oologah, Oklahoma
Reconciliation of Governmental Fund and Government – Wide
Statement of Net Position – Modified Cash Basis
June 30, 2023

Total Governmental Funds Balance	\$ 989,827
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The cost of the assets is \$2,003,181 and the accumulated depreciation is \$638,271 for a net book value of \$1,364,910	<u>1,364,910</u>
Net Position of Governmental Activities	<u><u>\$ 2,354,737</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Oologah, Oklahoma
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
– Modified Cash Basis
For the Year Ended June 30, 2023

	General Fund	Street & Alley	Cemetery Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 708,242	11,645	-	719,887
Franchise fees	49,188	-	-	49,188
Fines & Forfeitures	44,129	-	-	44,129
Interest	9,894	-	-	9,894
Grants and Donations	228,583	-	-	228,583
Charges for Services	-	-	750	750
Licenses & Permits	4,581	-	-	4,581
Miscellaneous	23,137	-	75	23,212
Total Revenues	<u>1,067,754</u>	<u>11,645</u>	<u>825</u>	<u>1,080,224</u>
Expenditures				
Current:				
General Government	279,236	-	-	279,236
Public Safety	471,986	-	-	471,986
Street and Alley	8,462	18,245	-	26,707
Economic Development	70,610	-	-	70,610
Cemetery and Parks	122,784	-	78	122,862
Capital Outlay	48,172	-	-	48,172
Debt Service	21,651	-	-	21,651
Total Expenditures	<u>1,022,901</u>	<u>18,245</u>	<u>78</u>	<u>1,041,224</u>
Excess (deficiency) of revenues over expenditures	44,853	(6,600)	747	39,000
Other Financing Sources (uses)				
Transfers In/(Out)	<u>(240,887)</u>	<u>5,887</u>	<u>-</u>	<u>(235,000)</u>
Net Change in Fund Balance	(196,034)	(713)	747	(196,000)
Fund Balance - Beginning	<u>1,181,391</u>	<u>1,665</u>	<u>2,771</u>	<u>1,185,827</u>
Fund Balance - Ending	<u>\$ 985,357</u>	<u>952</u>	<u>3,518</u>	<u>989,827</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Oologah, Oklahoma
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances to the Government – Wide Statement of Activities
– Modified Cash Basis
For the Year Ended June 30, 2023

Net Change in Fund Balances - Governmental Funds	\$	(196,000)
--	----	-----------

Amounts reported for governmental activities in the Statement of Activities are different because:

In the governmental funds, capital outlays are reported as expenditures while in the government-wide statement of activities, depreciation expense is reported to allocate those expenditures over the life of the assets.

Depreciation expense	\$	(63,807)	
Capital outlay		48,172	
			(15,635)

Payments on capitalized lease obligations are included in capital outlay expenditures in the governmental funds. The principal portion of these payments is reported as a reduction of liabilities in the government-wide statements, while the interest portion of these lease payments is an expenditure.

Principal payments on Long Term Debt	21,651	21,651
--------------------------------------	--------	--------

Change in Net Position of Governmental Activities	\$	(189,984)
---	----	-----------

The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Oologah, Oklahoma
Statement of Net Position – Proprietary Fund – Modified Cash Basis
June 30, 2023

	<u>Municipal Authority</u>	<u>Development Authority</u>	<u>Total Enterprise Fund</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 597,134	199,988	797,122
Due from Other Funds	-	-	-
Total Current Assets	<u>597,134</u>	<u>199,988</u>	<u>797,122</u>
Non-Current Assets:			
Lease Purchase Receivable	-	366,020	366,020
Capital Assets:			
Property and Equipment, net	<u>1,192,443</u>	<u>649,611</u>	<u>1,842,054</u>
Total NonCurrent Assets	<u>1,192,443</u>	<u>1,015,631</u>	<u>2,208,074</u>
 TOTAL ASSETS	 <u>1,789,577</u>	 <u>1,215,619</u>	 <u>3,005,196</u>
 LIABILITIES:			
TOTAL LIABILITIES	 <u>-</u>	 <u>-</u>	 <u>-</u>
 NET POSITION			
Net Investment in Capital Assets	1,192,443	649,611	1,842,054
Restricted	-	-	-
Unrestricted	<u>597,134</u>	<u>566,008</u>	<u>1,163,142</u>
TOTAL NET POSITION	<u><u>\$ 1,789,577</u></u>	<u><u>1,215,619</u></u>	<u><u>3,005,196</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Oologah, Oklahoma
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund – Modified Cash Basis
For the Year Ended June 30, 2023

	<u>Municipal Authority</u>	<u>Development Authority</u>	<u>Total Enterprise Funds</u>
Operating Revenues			
Sewer	\$ 249,894	-	249,894
Trash Revenues	<u>67,571</u>	<u>-</u>	<u>67,571</u>
Total Operating Revenues	<u>317,465</u>	<u>-</u>	<u>317,465</u>
Operating Expenses			
Administration and Maintenance	75,553	-	75,553
Insurance	4,498	-	4,498
Professional Services	141,544	-	141,544
Training	2,122	-	2,122
Utilities	73,540	-	73,540
Depreciation	<u>107,205</u>	<u>-</u>	<u>107,205</u>
Total Operating Expenses	<u>404,462</u>	<u>-</u>	<u>404,462</u>
Operating Income (Loss)	<u>(86,997)</u>	<u>-</u>	<u>(86,997)</u>
Non-Operating Revenues (Expenses)			
Interest Income	6,125	8,523	14,648
Donations	-	32,000	32,000
Sewer Taps	4,500	-	4,500
Transfers	<u>-</u>	<u>235,000</u>	<u>235,000</u>
Total Non-Operating Revenues (Expenses)	<u>10,625</u>	<u>275,523</u>	<u>286,148</u>
Change in Net Position	(76,372)	275,523	199,151
Net Position, Beginning of Year	<u>1,865,949</u>	<u>940,096</u>	<u>2,806,045</u>
Net Position, End of Year	<u><u>\$ 1,789,577</u></u>	<u><u>1,215,619</u></u>	<u><u>3,005,196</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Oologah, Oklahoma
Statement of Cash Flows – Proprietary Fund – Modified Cash Basis
For the Year Ended June 30, 2023

	Municipal Authority	Development Authority	Total Enterprise Funds
Cash Flows from Operating Activities			
Cash Inflows:			
Payments Received from Customers	\$ 317,465	\$ -	\$ 317,465
Total Cash Provided	<u>317,465</u>	<u>-</u>	<u>317,465</u>
Cash Outflows:			
Payments for Salaries and Benefits	(75,553)	-	(75,553)
Payments for Goods and Services	(221,704)	-	(221,704)
Total Cash Used	<u>(297,257)</u>	<u>-</u>	<u>(297,257)</u>
Net Cash Provided (Used) by Operating Activities	<u>20,208</u>	<u>-</u>	<u>20,208</u>
Cash Flows from Noncapital Financing Activities			
Sewer tap receipts	4,500	-	4,500
Transfers to/from General Fund	-	235,000	235,000
Net Cash Provided (Used) by Noncapital Financing Activities	<u>4,500</u>	<u>235,000</u>	<u>239,500</u>
Cash Flows from Capital and Related Financing Activities			
Purchases of Capital Assets	(18,480)	(468,396)	(486,876)
Principal Received on Notes Receivable	-	27,477	27,477
Donations for Capital Improvements	-	35,000	35,000
Interest Received on Notes Receivable	-	8,523	8,523
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(18,480)</u>	<u>(397,396)</u>	<u>(415,876)</u>
Cash Flows from Investing Activities			
Interest Received	6,125	-	6,125
	<u>6,125</u>	<u>-</u>	<u>6,125</u>
Net Cash Inflow (Outflow) from All Activities	12,353	(162,396)	(150,043)
Cash and Cash Equivalents, Beginning of Year	584,781	362,384	947,165
Cash and Cash Equivalents, End of Year	<u>\$ 597,134</u>	<u>\$ 199,988</u>	<u>\$ 797,122</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Oologah, Oklahoma
Statement of Cash Flows – Proprietary Fund – Modified Cash Basis (continued)
For the Year Ended June 30, 2023

	<u>Municipal Authority</u>	<u>Development Authority</u>	<u>Total Enterprise Funds</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ (86,997)	\$ -	\$ (86,997)
Adjustments to Reconcile Operating Income to Net Cash Provided By (Used For) Operating Activities:			
Depreciation	107,205	-	107,205
Changes in Assets and Liabilities	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 20,208</u>	<u>\$ -</u>	<u>\$ 20,208</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Oologah, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2023

I. Summary of Significant Accounting Policies

The following notes to the financial statements are an integral part of the Town's financial statements.

The Town's financial statements are prepared on the 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.

A. Reporting Entity

For financial reporting purposes, the Town includes all component units that are controlled by or dependent on the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the Town, obligation of the Town to finance any deficit which may occur, or receipt of significant subsidies from the Town.

Due to restrictions of the State Constitution relating to the issuance of municipal debt, the Town created a public trust to finance Town services with revenue bonds or other non-general obligation financing. Financing services provided by the public trust are solely for the benefit of the Town. The public trust created to provide financing services is blended into the Town's primary government although retaining separate legal identity.

B. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and statement of activities) report information on activities of the primary government and its component units. Government activities, which normally are supported by taxes and intergovernmental revenues, and other non-exchange transaction are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

The government-wide financial statements 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 change 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.

Only cash (and cash equivalents) and items that involve the receipt or disbursement of cash (or cash equivalents) during the period are recognized, except for the following modifications:

- (1) Interfund receivables and payables that arise from transactions and events involving cash or cash equivalents are recognized.
- (2) Assets that normally convert to cash or cash equivalents (e.g., certificates of deposit, marketable investments, and receivables resulting from loans) that arise from transactions and events involving cash or cash equivalents are recognized; and
- (3) Liabilities for cash (or cash equivalents) held on behalf of others, held in escrow, or received in advance of being earned or meeting eligibility requirement are recognized.

As a result of the use of this modified cash basis of accounting, certain transactions are not recorded in the financial statements. For example, accounts receivable and revenue for billed or provided services that have not been collected in cash are not accrued as revenue or receivables.

Town of Oologah, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2023

I. Summary of Significant Accounting Policies (continued)

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise fund. Separate financial statements are provided from government funds and proprietary funds.

The government-wide financial statements are presented on the modified cash basis of accounting. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are two categories of funds: governmental and proprietary.

Governmental Funds – used to account for the Town's general activities. Governmental fund types use the flow of current financial resources measurement focus and the modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenue, and expenditures/expenses when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Fund Accounting

As a result of the use of this modified cash basis of accounting, certain assets and their related revenue and certain liabilities and their related expenses are not recorded in these financial statements.

The following are Town's funds:

- General Fund (Major Fund) – Accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- Special Revenue Funds (Non-Major Funds) – Account for operating funds for which revenues were derived from specific taxes, grants or other earmarked revenue sources.
- Enterprise Funds (Proprietary Funds) – Used for operations: (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the cost (expenses, including depreciation) of providing the goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Town of Oologah, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2023

I. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Equity

Cash and Cash Equivalents

For the purpose of the Statement of Net Position – Modified Cash Basis, “cash, including time deposits” includes all demand, savings accounts, and certificates of deposit of the Town. For the purposes of the proprietary fund Statement of Cash Flows – Modified Cash Basis, “cash and cash equivalents” includes all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Capital Assets

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. The Town of Oologah currently has no capitalization policy.

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

Buildings	5-50 years
Streets	20-50 years
Machinery and Equipment	3-30 years
Vehicles	3-7 years
Improvements	20-50 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Town of Oologah, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2023

I. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Equity (continued)

Equity Classifications

Net Position/Fund Balance

In the government-wide financial statement, net assets represent the difference between assets and liabilities. Net investment in capital assets consists of capital assets reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws or other governments, or are imposed by law through constitutional provisions or enabling legislation.

In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed on the use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e., fund balance associated with assets that are not in spendable form, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

Amounts in the *spendable* fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors, or laws and regulations of other governments; or by law through constitutional provision or enabling legislation.

Committed fund balance represents amounts that are usable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts) but cannot be used for any other purpose unless the government removes or changes by taking action similar to that which imposed the commitment. The Town's Board of Trustees is the highest level of decision-making authority of the Town.

Assigned fund balance represents amounts that are *intended* to be used for specific purposes but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds *other than the general fund*, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purpose in accordance with the provisions of the standard.

Unassigned fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

Town of Oologah, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2023

I. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities and Equity (continued)

Equity Classifications (continued)

Resource Use Policy

It is in the Town's policy for all funds that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources, including fund balances, are available, the Town considers the restricted amounts to be spent first before any unrestricted amounts are used. Furthermore, it is the Town's policy that when an expenditure/expense is incurred for purposes for which committed, assigned or unassigned resources, including fund balances, are available, the Town considers committed, amounts to be spent first, followed by assigned amounts, and lastly, unassigned amounts.

F. Revenues, Expenditures and Expenses

Sales Tax

The Town presently levies a 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. The Tax Commission receives the sales tax approximately one month after collection by vendors. The sales tax is recorded entirely in the General Fund.

Use Tax

The Town levies a use-tax on personal property purchased outside the town limits but stored, used or consumed within the town. The use tax is collected by the Oklahoma Tax Commission and remitted to the Town in the month following receipt by the Tax Commission, which is one month after the tax is received from the vendors. The use taxes are allocated entirely to the General Fund.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character: Current (further classified by function), Debt Service, Capital Outlay

Proprietary Funds – By Operating and Non-Operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent re-allocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities – Modified Cash Basis, all interfund transfers between individual governmental funds have been eliminated.

Town of Oologah, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2023

II. Stewardship, Compliance and Accountability

By its nature as a local government unit, the Town and its component unit are subject to various federal, state, and local laws and contractual regulations. An analysis of the Town's compliance with significant laws and regulations and demonstration of its stewardship over Town resources follows.

A. Fund Accounting Requirements

The Town complies with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the town include the following:

<u>Fund</u>	<u>Required By</u>
Oologah Municipal Authority	Trust Indenture
Oologah Development Authority	Trust Indenture

B. Deposit and Investments Laws and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations or surety bonds. As required by 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. As reflected in note III A., all deposits were fully insured or collateralized.

Public trusts created under O.S. Title 60 are not subject to the above noted investment limitations and are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2023, the Town and its public trusts complied, in all material respects, with these investment restrictions.

C. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Gasoline Excise Tax	Street and Alley Purposes
Commercial Vehicle Tax	Street and Alley Purposes
Utility Revenue	Debt Service and Utility Operations

For the year ended June 30, 2023, the Town complied, in all material respects, with these revenue restrictions.

D. Fund Equity Restrictions

Deficit Prohibition

Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund. The Town complied with this statute in all material respects for the year ended June 30, 2023.

Town of Oologah, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2023

III. Detailed Notes on Transaction Classes/Accounts

A. Cash and Investments

Authorized Investments

Town policy for eligible investments is governed by State statutes which, in general, allow the Town to invest in obligations of the United States and insured or collateralized Certificate of Deposits. Investment income is recorded in the fund in which it is earned.

Custodial Credit Risk – Deposit: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's cash deposits, including interest-bearing certificates of deposit, are maintained in financial institutions. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2023, the Town and Public Works were fully collateralized.

Town of Oologah, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2023

III. Detailed Notes on Transaction Classes/Accounts (continued)

B. Capital Assets

Capital asset activity for the year was as follows:

	Balance June 30, 2022	Additions	Disposals	Balance June 30, 2023
Governmental Activities:				
Non-depreciable assets:				
Land	\$ 379,000	\$ -	\$ -	\$ 379,000
Depreciable assets:				
Buildings	897,069	-	-	897,069
Equipment	349,435	34,319	-	383,754
Vehicles	278,605	13,853		292,458
Infrastructure	50,900	-		50,900
Total Depreciable assets	1,576,009	48,172	-	1,624,181
Total Capital Assets	1,955,009	48,172	-	2,003,181
Total Accum Depreciation	(574,464)	(63,807)	-	(638,271)
Net Capital Assets	\$ 1,380,545	\$ (15,635)	\$ -	\$ 1,364,910
Business-Type Activities - Utility:				
Non-depreciable assets:				
Land	\$ -	\$ -	\$ -	\$ -
Depreciable assets:				
Equipment	223,683	5,310	-	228,993
Buildings	60,500	13,170	-	73,670
Vehicles	14,800	-	-	14,800
Sewer System	2,861,802	-	-	2,861,802
Sewer Plant	948,522	-	-	948,522
Total Depreciable assets	4,109,307	18,480	-	4,127,787
Total Capital Assets	4,109,307	18,480	-	4,127,787
Total Accum Depreciation	(2,828,139)	(107,205)	-	(2,935,344)
Net Capital Assets	\$ 1,281,168	\$ (88,725)	\$ -	\$ 1,192,443

Town of Oologah, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2023

III. Detailed Notes on Transaction Classes/Accounts (continued)

B. Capital Assets (continued)

Depreciation expense was charged to governmental activities as follows:

Cemetery	\$ 783
Parks and Recreation	17,142
Police	24,735
Town	21,147
Total Depreciation Expense	<u>\$ 63,807</u>

C. Lease Purchase Agreement

In January 2019, the Oologah Development Authority entered into a lease purchase agreement with Dominion Communications, LLC, an Oklahoma Limited Liability Company dba Atlas Broadband to lease purchase the Authority's building and land. The sales price was \$500,449 and is being financed by the Authority, with an imputed interest rate of 2.0566%, over 16 years with monthly payments of \$3,000. The note matures January 2035. At June 30, 2023 the balance was \$366,020. Interest income from the note was \$8,523 for the year ended June 30, 2023.

D. Tax Increment Financing

Tax increment financing is a method of obtaining financing using future increases in tax revenues to finance current improvements which will create the conditions for those future gains.

The Town entered into a tax increment financing agreement with Rogers County Industrial Development Authority related to a grocery store in March 2013. The Town of Oologah Tax Increment District #1-2012 Commercial Project Plan (the "Project Plan") was formed to stimulate and enhance economic growth in the area. Per the Project Plan, the Town will pay the Authority all incremental sales tax received by the Town as a result of the new business over the next twenty years. During the current fiscal year, the Town received \$165,085 in incremental sales tax revenue as a result of the grocery store, and this amount was paid to the Rogers County Industrial Development Authority to help reimburse them for the costs of acquiring and constructing real and personal property related to the new business.

Town of Oologah, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2023

IV. Other Information

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The Town purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials' liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

B. Contingent Liabilities

The governing board of the Town is not aware of any pending or threatened legal actions against it. However, any such actions would probably be covered by insurance.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

C. Subsequent Events

Management has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.