

TOWN OF KIEFER, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
JUNE 30, 2023

Ralph Osborn, CPA  
P.O. Box 1015  
500 South Chestnut  
Bristow, OK 74010-1015

## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of the Board of Trustees  
Town of Kiefer, Oklahoma

### Report on the Audit of the Financial Statements

#### Opinions

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

In my 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 Town of Kiefer as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note A.

#### Basis for Opinion

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Town of Kiefer, Oklahoma, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified and unmodified audit opinions.

#### Emphasis of Matter

I draw attention to Note A 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. My opinion is not modified with respect to that 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 A; this includes determining that the modified cash basis of accounting is an acceptable basis for the presentation of the financial statements in the circumstances, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement 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 Town of Kiefer'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

My 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 my 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 GAAS 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- 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 of Kiefer'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Kiefer's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

#### Other Matters

##### Other information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Kiefer, Oklahoma's basic financial statements. The combining and nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial 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 my opinion, the combining and individual nonmajor fund financial statements 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*, I have also issued my report dated March 27, 2024, on my consideration of Town of Kiefer's internal control over financial reporting and my 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 control 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 Town of Kiefer, Oklahoma's internal control over financial reporting and compliance.



Ralph Osborn  
Certified Public Accountant  
Bristow, Oklahoma  
March 27, 2024

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

	<u>Primary Government</u>		
	<u>Business</u>	<u>Type</u>	
	<u>Governmental</u>	<u>Activities</u>	<u>Total</u>
<u>Activities</u>			
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 922,619	\$ 967,048	\$ 1,889,667
Restricted Cash:			
Debt Service	-	25,115	25,115
Construction	-	-	-
Total current assets	<u>922,619</u>	<u>992,163</u>	<u>1,914,782</u>
Non-current assets:			
Capital assets			
Land	253,396	-	253,396
Other capital assets net of			
Accumulated depreciation	<u>2,327,004</u>	<u>1,561,056</u>	<u>3,888,060</u>
Total non-current assets	<u>2,580,400</u>	<u>1,561,056</u>	<u>4,141,456</u>
Total assets	<u>3,503,019</u>	<u>2,553,219</u>	<u>6,056,238</u>
LIABILITIES			
Current liabilities:			
Utility deposits	-	108,314	108,314
Notes payable, current	-	56,000	56,000
Bonds, current	-	-	-
Total current liabilities	<u>-</u>	<u>164,314</u>	<u>164,314</u>
Non-current liabilities:			
Notes payable, non-current	-	551,000	551,000
Bonds, non-current	-	-	-
Total non-current liabilities	<u>-</u>	<u>551,000</u>	<u>551,000</u>
Total liabilities	<u>-</u>	<u>715,314</u>	<u>715,314</u>
NET POSITION			
Capital assets, net of related debt	2,580,400	954,056	3,534,456
Restricted for			
Debt service	-	25,115	25,115
Construction	-	-	-
Unrestricted	<u>922,619</u>	<u>858,734</u>	<u>1,781,353</u>
Total net position	<u>\$ 3,503,019</u>	<u>\$ 1,837,905</u>	<u>\$ 5,340,924</u>

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

TOWN OF KIEFER, OKLAHOMA  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2023

Function/Programs	Program Revenue				Net Revenue
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General government	\$ 383,235	\$ 16,595	\$ 20,215	\$ 351,859	\$ 5,434
Public safety	409,651	70,042	-	-	(339,609)
Parks and recreation	22,764	-	-	-	(22,764)
Street	55,085	-	14,523	-	(40,562)
Administration	22,069	-	-	-	(22,069)
Legal	16,480	-	-	-	(16,480)
Senior Citizens	2,149	-	-	-	(2,149)
Total governmental activities	<u>911,433</u>	<u>86,637</u>	<u>34,738</u>	<u>351,859</u>	<u>(438,199)</u>
Business-type activities					
Utility service	<u>917,305</u>	<u>848,321</u>	<u>-</u>	<u>-</u>	<u>(68,984)</u>
Total business-type activities	<u>917,305</u>	<u>848,321</u>	<u>-</u>	<u>-</u>	<u>(68,984)</u>
Total primary government	<u>\$ 1,828,738</u>	<u>\$ 934,958</u>	<u>\$ 34,738</u>	<u>\$ 351,859</u>	<u>\$ (507,183)</u>

Primary Government		
Governmental Activities	Business-type Activities	Total

Changes in net position:

Net (expense) revenue	\$ (438,199)	\$ (68,984)	\$ (507,183)
General revenues			
Taxes			
Sales/Use tax	581,994	-	581,994
Franchise	74,075	-	74,075
Property	739	-	739
Other tax	6,729	-	6,729
Donations	2,450	-	2,450
Miscellaneous	16,611	79,705	96,316
Interest	975	2,867	3,842
Reimbursement income	-	-	-
Transfers	-	-	-
Total general revenue	<u>683,573</u>	<u>82,572</u>	<u>766,145</u>
Change in net position	245,374	13,588	258,962
Net position - beginning	<u>3,257,645</u>	<u>1,824,317</u>	<u>5,081,962</u>
Net position - ending	<u>\$ 3,503,019</u>	<u>\$ 1,837,905</u>	<u>\$ 5,340,924</u>

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

TOWN OF KIEFER, OKLAHOMA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
MODIFIED CASH BASIS  
JUNE 30, 2023

	General Fund	Special Sales Tax	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 629,319	\$ 181,671	\$ 111,629	\$ 922,619
Due from other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 629,319</u></u>	<u><u>\$ 181,671</u></u>	<u><u>\$ 111,629</u></u>	<u><u>\$ 922,619</u></u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Due to other	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>FUND BALANCES</b>				
Reserved for Debt service	\$ -	\$ -	\$ -	\$ 1,823
Unrestricted	<u>629,319</u>	<u>181,671</u>	<u>111,629</u>	<u>920,796</u>
<b>TOTAL FUND BALANCES</b>	<u><u>629,319</u></u>	<u><u>181,671</u></u>	<u><u>111,629</u></u>	<u><u>922,619</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 629,319</u></u>	<u><u>\$ 181,671</u></u>	<u><u>\$ 111,629</u></u>	<u><u>\$ 922,619</u></u>

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

TOWN OF KIEFER, OKLAHOMA  
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS  
WITH THE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2023

Total fund balance	\$ 922,619
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Amounts reported 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.

Land	253,396	
Capital assets	4,442,886	
Accumulated depreciation	<u>(2,115,882)</u>	<u>2,580,400</u>

Total net position	<u>\$ 3,503,019</u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF KIEFER, OKLAHOMA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS

MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Special Sales Tax	Nonmajor Governmental Funds	Total Governmental Funds
Revenue				
Sales tax	\$ 318,165	\$ 106,055	\$ -	\$ 424,220
Use tax	157,774	-	-	157,774
Franchise tax	74,075	-	-	74,075
Property tax	-	-	739	739
Alcoholic beverage tax	20,215	-	-	20,215
Motor vehicle tax	14,523	-	-	14,523
Gas tax	4,062	-	-	4,062
Cigarette tax	2,667	-	-	2,667
Rent	7,700	-	-	7,700
Intergovernmental	351,859	-	-	351,859
Licenses and permits	16,595	-	-	16,595
Fire service	10,825	-	-	10,825
Fines and forfeitures	1,278	-	57,939	59,217
Donations	-	-	2,450	2,450
Miscellaneous	5,181	3,610	120	8,911
Reimbursement income	-	-	-	-
Interest	<u>512</u>	<u>455</u>	<u>8</u>	<u>975</u>
Total revenue	<u>985,431</u>	<u>110,120</u>	<u>61,256</u>	<u>1,156,807</u>
Expenditures				
Current				
General government	369,849	-	-	369,849
Public safety	305,877	58,447	10,564	374,888
Parks and recreation	77,773	-	-	77,773
Street	157,573	-	-	157,573
Administration	22,069	-	-	22,069
Legal	16,480	-	-	16,480
Senior Citizens	-	-	2,149	2,149
Debt service				
Bond principal paid	-	-	-	-
Interest and other charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>949,621</u>	<u>58,447</u>	<u>12,713</u>	<u>1,020,781</u>
Excess (deficiency) of revenue Over expenditures	<u>35,810</u>	<u>51,673</u>	<u>48,543</u>	<u>136,026</u>
Other financing sources (uses)				
Transfer in	50,300	-	15,845	66,145
Transfer out	<u>(15,845)</u>	<u>-</u>	<u>(50,300)</u>	<u>(66,145)</u>
Total transfers	<u>34,455</u>	<u>-</u>	<u>(34,455)</u>	<u>-</u>
Net changes in fund balances	70,265	51,673	14,088	136,026
Fund balances, beginning	<u>559,054</u>	<u>129,998</u>	<u>97,541</u>	<u>786,593</u>
Fund balances, ending	<u>\$ 629,319</u>	<u>\$ 181,671</u>	<u>\$ 111,629</u>	<u>\$ 922,619</u>

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



TOWN OF KIEFER, OKLAHOMA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023

Net changes in fund balances - total governmental funds \$ 136,026

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those cost are shown in the combined Statement of Net Position and allocated over their estimated useful lives as annual depreciation in the Statement of Activities. This is the amount by which capital outlay exceeds depreciation outlay in the period.

Depreciation expense	(208,439)	
Capital outlay	<u>317,787</u>	<u>109,348</u>
 Change in net position		 <u><u>\$ 245,374</u></u>

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

TOWN OF KIEFER, OKLAHOMA  
STATEMENT OF NET POSITION - PROPRIETARY FUND  
MODIFIED CASH BASIS  
JUNE 30, 2023

	<u>Public Works</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 967,048
Restricted cash:	
Construction	-
Debt service	<u>25,115</u>
Total current assets	<u>992,163</u>
Non-current assets	
Capital assets:	
Capital assets, net of accumulated depreciation	<u>1,561,056</u>
Total non-current assets	<u>1,561,056</u>
Total assets	<u>2,553,219</u>
<b>LIABILITIES</b>	
Current liabilities:	
Utility deposits	108,314
Notes Payable, current	<u>56,000</u>
Total current liabilities	<u>164,314</u>
Non-current liabilities:	
Notes Payable, non-current	<u>551,000</u>
Total non-current liabilities	<u>551,000</u>
Total liabilities	<u>715,314</u>
<b>NET POSITION</b>	
Capital assets, net of related debt	954,056
Restricted for debt service	25,115
Restricted for construction	-
Unrestricted	<u>858,734</u>
Net position of business-type activities	<u>\$1,837,905</u>

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

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

	<u>Public Works</u>
<u>OPERATING REVENUES</u>	
Charges for services:	
Natural gas	\$ 319,158
Wastewater charges	304,229
Sanitation charges	209,139
Tap fees	3,150
Penalty	12,645
Other	<u>79,705</u>
Total operating revenues	<u>928,026</u>
<u>OPERATING EXPENSES</u>	
Personal services	175,996
Natural gas and transportation	232,401
Sanitation contractor	158,538
Insurance	13,901
Materials and supplies	53,874
Repairs and maintenance	19,358
Other operating expenses	174,151
Depreciation	<u>70,215</u>
Total operating expenses	<u>898,434</u>
Operating income (loss)	<u>29,592</u>
<u>NON-OPERATING REVENUE (EXPENSES)</u>	
Interest income	2,867
Interest expense	<u>(18,871)</u>
Total non-operating revenue (expenses)	<u>(16,004)</u>
Income before transfers	<u>13,588</u>
Transfer in (out)	<u>-</u>
Change in net position of business type activities	13,588
Total net position, beginning	<u>1,824,317</u>
Total net position, ending	<u>\$1,837,905</u>

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

TOWN OF KIEFER, OKLAHOMA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE - MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2023

Cash flows from operating activities	
Cash received from customers	\$ 933,592
Cash payments to employees	(175,996)
Cash payments to suppliers for goods and services	<u>(652,223)</u>
Net cash provided (used) by operating activities	<u>105,373</u>
Transfer to other funds	<u>-</u>
Net transfers to other funds	<u>-</u>
Cash flows from capital and related financing activities	
Acquisition of fixed assets	(106,520)
Transfer to restricted for debt service	(484)
Transfer to restricted for construction	-
Interest paid on notes payable and lease obligations	(18,871)
Principal paid on notes payable and lease obligations	<u>(55,000)</u>
Net cash used for capital and related financing activities	<u>(180,875)</u>
Cash flows from investing activities	
Interest revenue	<u>2,867</u>
Net cash provided by investing activities	<u>2,867</u>
Net increase in cash and cash equivalents	(72,635)
Cash and cash equivalents, beginning	<u>1,039,683</u>
Cash and cash equivalents, ending	<u>\$ 967,048</u>
Reconciliation of operating income (loss) to net cash provided by (used) by operating activities	
Operating income (loss)	\$ 29,592
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	70,215
Changes in assets and liabilities:	
Increase in Utility deposits	<u>5,566</u>
Net cash provided by operating activities	<u>\$ 105,373</u>

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

TOWN OF KIEFER, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Kiefer, Oklahoma, was incorporated in 1907 under the provisions of the laws of the State of Oklahoma. The Town operates under a Board of Trustees form of government and provides the following services: general government, public safety, public works, parks and recreation. The basic financial statements include the departments, agencies, and other organizational units over which the Board of Trustees exercise oversight responsibility. In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14 and No. 39. Based on the criteria Kiefer Public Works Authority is the only component unit. The definition of the financial reporting entity is primarily based on the concept of financial accountability. The financial reporting entity consists of the primary government (the Town), and activities for which the primary government is financially accountable, and the activities of Kiefer Public Works Authority. Financial accountability exists if a primary government appoints a voting majority of an organizations governing body, and is either able to impose its will on the organization or there is a potential for the organization to provide a specific financial benefit to, or impose specific financial burdens on, the primary government. Based upon the application of these criteria, there are no other entities to include in the Town's financial statements.

Kiefer Public Works Authority was created May 25, 1967 under the provisions of Title 60, Sections 176 to 180, Oklahoma Statutes 1961. The Authority is managed by a Board of Trustees made up of members of the Town Board of Trustees. The Authority operates natural gas, sanitation, and sewer services for the Town of Kiefer.

Government-Wide and Fund Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements report financial information for the Town as a whole excluding fiduciary activities such as employee pension plans. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Town general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A functional program is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these programs uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

TOWN OF KIEFER, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

Fund Financial Statements

Fund financial statements of the Town are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within limitations of the modified cash basis of accounting, as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus, as applied to the cash basis of accounting, is used as appropriate.

A. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental and business-like activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, Net Position/fund equity, revenues, 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.

As a result of the use of the 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 certain liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) are *not recorded* in these financial statements.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed.

TOWN OF KIEFER, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

FUND TYPES AND MAJOR FUNDS

The Town reports the following major governmental funds:

General Fund - The General Fund reports as the primary fund of the Town. This fund is used to account for all financial resources not reported in other funds.

Special Sales Tax - The fund reports the use of designated sales tax revenue.

Proprietary Funds - The Town reports the following major enterprise funds:

Kiefer Public Works Authority - The Authority provides certain utility services for the Town.

Budgetary Accounting and Control

The Mayor submits an annual budget to the Board of Trustees in accordance with the Oklahoma Municipal Budget Act. The budget is presented to the Board of Trustees for review, and public hearings are held to address priorities and allocation of resources. In June, the Board of Trustees adopts the annual fiscal year budgets for the Town operating funds. Once approved, the Board of Trustees may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. Public trusts submit budget and other planning documents to their respective governing bodies.

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by sources. Expenditures are budgeted by department and class as follows: Personal services, other services and charges, supplies, capital outlay, transfers, and debt service. Budget revisions at this level are subject to final review by the Board of Trustees. The legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. Within these control levels, management may transfer appropriations without Board approval. Revisions to the budget were made during the year.

The budgets for the operating funds and proprietary fund operations are prepared on the cash and expenditures/encumbrances basis. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be issued. The Debt Service Fund budget is prepared to provide funding for general obligation debt service when liabilities are due for payment. The budget and actual financial statements are reported on these bases. Unencumbered appropriations for annually budgeted funds lapse at fiscal year-end.

Investments

The Town follows Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," which requires marketable securities to be carried at fair value. The Town considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The investments reported in the financial statements consist of Certificates of Deposits.

TOWN OF KIEFER, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations, is employed in the governmental funds. Encumbrances outstanding at year end are cancelled under the modified cash basis. The encumbrance is added to the subsequent year expenses when paid.

Inventories and Prepaids

Inventories and prepaids are not reported under the modified cash basis of accounting.

Capital Assets, Depreciation, and Amortization

The Town's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The Town maintains infrastructure assets records consistent with all other capital assets. Proprietary and component unit capital assets are also reported in their respective fund and combining component units financial statements. Donated assets are stated at fair value on the date donated. The Town generally capitalizes assets with cost of \$2,500 or more as purchase and construction outlay occur. The cost of normal maintenance and repairs that do not add to the assets value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are moved from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follow:

Buildings	5-60
Improvements, other than buildings	2-50
Mobile equipment	3-40
Furniture , machinery, and equipment	3-30
Utility system	5-50

Compensated Absences

The Town does not report compensated absences under the modified cash basis of accounting.

Reserves and Designations

Reserves represent those portions of fund balance not available for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.



TOWN OF KIEFER, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE B - CASH AND INVESTMENTS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of failure of counterparty, the Town will not be able to recover the value of its deposits or investments. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the Town, and are held by counterparty or the counterparty's trust department but not in the name of the Town. The Town's policy requires that all deposits and investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits or investments. As of June 30, 2023, all of the Town's deposits and investments were either covered by federal deposit insurance or were fully collateralized.

Deposits

The Town had deposits at financial institutions with a carrying amount of approximately \$1,914,782 at June 30, 2023. The bank balance of the deposits at June 30, 2023 was approximately \$1,935,237.

Credit Risk

Fixed-income securities are subject to credit risk. However, the Town did not have fixed income securities at June 30, 2023.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Board of Directors monitor's the investment performance on an ongoing basis to limit the Town's interest rate risk. As of June 30, 2023, the Town's deposits consisted of demand deposits and certificates of deposit with a maturity of 12 months or less.

NOTE C - RESTRICTED CASH

The Authority has reported the following as restricted cash in the proprietary fund:

Debt service	\$ 25,115
Construction	-
Total	<u>\$ 25,115</u>

The debt service funds are held by a trustee bank in conjunction with the note payable listed in Note F. The debt service money is limited to use in retiring note principle and paying note interest.

TOWN OF KIEFER, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE D- CAPITAL ASSETS

The following table provides a summary of changes in capital assets:

	CAPITAL ASSETS, DEPRECIATED				Capital Assets Not Depreciated
	Infrastructure & Improvements Other Than Buildings	Buildings	Furniture, Machinery, And Equipment	Totals	Land
PRIMARY GOVERNMENT					
Governmental Activities					
Balance, June 30, 2022	\$1,597,062	\$ 261,716	\$2,266,321	\$4,125,099	\$ 253,396
Increases	-	201,863	115,924	317,787	-
Decreases	-	-	-	-	-
Balance, June 30, 2023	<u>1,597,062</u>	<u>463,579</u>	<u>2,382,245</u>	<u>4,442,886</u>	<u>253,396</u>
Accumulated Depreciation					
Balance, June 30, 2022	484,056	100,265	1,323,122	1,907,443	
Increase	60,751	26,368	121,320	208,439	
Decreases	-	-	-	-	
Balance, June 30, 2023	<u>544,807</u>	<u>126,633</u>	<u>1,444,442</u>	<u>2,115,882</u>	
Governmental Activities Capital Assets, Net	<u>\$1,052,255</u>	<u>\$ 336,946</u>	<u>\$ 937,803</u>	<u>\$2,327,004</u>	<u>\$ 253,396</u>
Business-type activities					
Balance, June 30, 2022	\$ 24,656	\$2,420,544	\$ 241,847	\$2,687,047	\$ -
Increases	-	57,711	48,809	106,520	-
Decreases	-	-	-	-	-
Balance, June 30, 2023	<u>24,656</u>	<u>2,478,255</u>	<u>290,656</u>	<u>2,793,567</u>	<u>-</u>
Accumulated Depreciation					
Balance, June 30, 2022	18,649	976,822	166,825	1,162,296	
Increase	1,021	55,457	13,737	70,215	
Decreases	-	-	-	-	
Balance, June 30, 2023	<u>19,670</u>	<u>1,032,279</u>	<u>180,562</u>	<u>1,232,511</u>	
Business-type Activities Capital Assets, Net	<u>\$ 4,986</u>	<u>\$1,445,976</u>	<u>\$ 110,094</u>	<u>\$1,561,056</u>	<u>\$ -</u>
PRIMARY GOVERNMENT					
Capital Assets, Net	<u>\$1,057,241</u>	<u>\$1,782,922</u>	<u>\$1,047,897</u>	<u>\$3,888,060</u>	<u>\$ 253,396</u>

DEPRECIATION EXPENSE

Depreciation expense was charged to functions of the primary government as follows:

GOVERNMENT ACTIVITIES

General government	\$ 13,386
Public Safety	161,186
Streets	27,862
Parks	6,005

BUSINESS-TYPE ACTIVITIES

Public works	\$ 70,215
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TOWN OF KIEFER, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE E - PROPRIETARY FUND NOTES PAYABLE

The Authority has issued and outstanding its Kiefer Public Works Authority Utility System Revenue Notes Series, Series 2017 in the original amount of \$750,000. The payments beginning March 2019, continuing for 15 years. The note incurs interest at fixed rate of 2.91%.

Revenue bond transactions for the year ended June 30, 2023 are as follows:

	Payable at July 1, 2022	Additions	Retirements	Balance at June 30, 2023
BancFirst, Series 2017	\$ 662,000	\$ -	\$ (55,000)	\$ 607,000
	<u>\$ 662,000</u>	<u>\$ -</u>	<u>\$ (55,000)</u>	<u>\$ 607,000</u>

The annual debt service requirements for retirement of bond principal and payment of interest are as follows:

Year Ending June 30	Principal	Interest	Totals
2024	\$ 56,000	\$ 17,256	\$ 73,256
2025	58,000	15,612	73,612
2026	60,000	13,910	73,910
2027	62,000	12,149	74,149
2028	63,000	10,345	73,345
2029-2033	<u>308,000</u>	<u>22,843</u>	<u>330,843</u>
Total	<u>\$ 607,000</u>	<u>\$ 92,115</u>	<u>\$ 699,115</u>

The Authority paid interest in the amount of \$18,871 on its outstanding notes during the fiscal year.

NOTE F - DEBT SERVICE COVERAGE

The revenue bond indenture requires the Authority maintain a schedule of rates or charges for services sufficient to provide funds which together with other revenues pledged will provide net revenues available for debt service equal to at least 125% of the maximum annual debt services requirement. The ratio for the current year is calculated as follows:

Operating income	\$ 29,592
Depreciation	70,215
Net revenue	<u>\$ 99,807</u>
Maximum annual debt service	<u>\$ 73,497</u>
Ratio	<u>1.36 to 1</u>

NOTE G - CONTRIBUTED CAPITAL

The Town records grants, entitlements, contributed fixed assets, or shared revenues received by its funds for operations, capital acquisition, and/or construction as contributed capital. Depreciation is recognized on assets acquired with these funds.

NOTE H - UTILITY DEPOSITS

The Authority recorded a liability of \$108,314 for customer utility deposits at June 30, 2023. The deposit is refundable upon termination of utility service.

TOWN OF KIEFER, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE I - PENSION OBLIGATIONS

The Town participates in two pension plans.

Oklahoma Firefighter's Pension and Retirement System

Town of Kiefer participates in two statewide, cost-sharing multiple-employer defined benefit plans on behalf of police officers and firefighters. The systems are administered by agencies of the State of Oklahoma and funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. The following is a summary of eligibility factors, contribution methods, and benefit provisions.

Oklahoma Police and Firefighter's Pension and Retirement Systems

	Oklahoma Firefighter's Pension <u>And Retirement System</u>
Eligibility to Participate	All full-time or voluntary Firefighters of a participating Municipality hired hired before age 45
Authority establishing contribution obligations and benefit provisions	State Statute
Plan members' contribution rate	8% of covered payroll
Town's contribution rate	13% of covered payroll/\$60 per volunteer
Period required to vest	10 years
Benefits and eligibility for distribution (full time)	20 years credited service, 2 ½% Of final average salary multiplied By the years of credited service with A maximum of 30 years considered; If vested, at or after age 50, or After 10 but before 20 years of Credited service, with reduced benefits
Benefits and eligibility for distribution (Volunteer)	20 years credited service equal to \$5.46 per month per year of service With a maximum of 30 Years considered
Deferred retirement option	Yes, 20 years credited service with Continued service for 30 or more years
Provisions for:	
Cost of living adjustments (normal retirement)	Yes, if vested by 5/83
Death (duty, non-duty, post-retirement)	Yes
Disability	Yes
Cost of living allowances	Yes

Contributions required by State Statute:

<u>Fiscal</u> <u>Year</u>	<u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2023	\$ -	100%
2022	2,580	100%
2021	-	100%

TOWN OF KIEFER, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

Oklahoma Municipal Retirement Fund

The Town allows employees to participate in Oklahoma Municipal Retirement Fund, a defined contributions plan. The plan is funded by contributions from participants and employees. The following is a summary of eligibility factor, contribution methods, and benefit provision:

Oklahoma Municipal Retirement Fund

Eligibility	All regular, full-time employees except police, firefighters and other employees who are covered under an approved system.
Employer contributions	6.46% of pay.
Employee contributions	3% of pay.
Service	
Credited Service	The last period of continuous employment with the employer excluding any periods before the effective date of the plan specified in the adoption agreement.
Vesting	Credited service plus transferred service from other OMRF employees.
Benefit Eligibility	5 or more years of vesting service.
Final Average Compensation	The average of the 5 highest consecutive annual salaries out of the last 10 years of service.
Accrued Benefit	Plan A 1.5% of final average compensation multiplied by the number of years of credited service.
Normal Retirement Age	Age 65 with 5 or more years of vesting service.
Normal Retirement Eligibility	Termination of employment on or after normal retirement age.
Benefit	The accrued benefit payable immediately.
Early Retirement Eligibility	Termination after age 55 with 5 or more years of vesting.
Benefit	The accrued benefit payable starting at normal retirement, or the accrued benefit reduced 5% per year for commencement prior to normal retirement age.
Disability Retirement Eligibility	Total and permanent disability after 5 or more years of service.
Benefit	The accrued benefit is payable upon disablement without Reduction for early payment.
Termination Before Retirement Age	
Before Vesting	Return of employee contributions with interest.
After Vesting	The accrued benefit payable starting at age 65, or a reduced benefit payable at an early retirement age.
In-service Death	
Before vesting	Return of member contributions with interest.
After vesting (married participants only)	50% of the accrued benefit is payable to the spouse until death or remarriage.

TOWN OF KIEFER, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

After Vesting (other participants)	50% of the accrued benefit is payable for 60 months certain.
 Payment Options	
Normal form	The normal form of payment of the accrued benefit is a monthly lifetime annuity with 5 years certain.
 Optional forms	<p>Disability retirement benefits are paid only under the normal form.</p> <p>Other retirement benefits are available under actuarially Equivalent optional forms:</p> <ul style="list-style-type: none"> <li>- Joint and 50% survivor annuity</li> <li>- Joint and 66-2/3rds last survivor annuity</li> <li>- Joint and 100% survivor annuity</li> </ul>
 Cost of Living	 No cost of living option.

Three years contributions schedule as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	
	Employee	Employer
2023	\$ 9,595	\$ 19,510
2022	9,110	17,534
2021	8,361	16,724

**NOTE J - 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; and natural disasters. The Town carries commercial insurance for risk of loss, including workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE K - LITIGATION**

The Town is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the Town. The Town retains legal council for legal proceedings. The Town may also be represented by attorneys retained by its insurance carrier.

**NOTE L - FEDERAL AND STATE GRANTS**

In the normal course of operations, the Town receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authorities the purpose of which is to ensure compliance with conditions precedent to the granting of the funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

**NOTE M - SUBSEQUENT EVENTS**

The Town management evaluated subsequent events through March 27, 2024, the date which the financial statements were available, to determine if any items need to be disclosed. The Town believes there are no events requiring disclosure.

TOWN OF KIEFER, OKLAHOMA  
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30,2023

	<u>Special Police</u>	<u>Park</u>	<u>Special Fire</u>	<u>Debt Service</u>	<u>Court</u>	<u>Senior Citizens</u>	<u>Total Nonmajor Funds</u>
ASSETS							
Cash and cash equivalents	\$ 36,363	\$ 2,156	\$ 56,581	\$ 1,823	\$ 8,659	\$ 6,047	\$111,629
TOTAL ASSETS	<u>\$ 36,363</u>	<u>\$ 2,156</u>	<u>\$ 56,581</u>	<u>\$ 1,823</u>	<u>\$ 8,659</u>	<u>\$ 6,047</u>	<u>\$111,629</u>
LIABILITIES AND FUND BALANCES							
FUND BALANCES							
Unrestricted	\$ 36,363	\$ 2,156	\$ 56,581	\$ 1,823	\$ 8,659	\$ 6,047	\$111,629
TOTAL FUND BALANCES	<u>36,363</u>	<u>2,156</u>	<u>56,581</u>	<u>1,823</u>	<u>8,659</u>	<u>6,047</u>	<u>111,629</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 36,363</u>	<u>\$ 2,156</u>	<u>\$ 56,581</u>	<u>\$ 1,823</u>	<u>\$ 8,659</u>	<u>\$ 6,047</u>	<u>\$111,629</u>

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

TOWN OF KIEFER, OKLAHOMA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2023

	Special Police	Park	Special Fire	Debt Service	Court	Senior Citizens	Total Nonmajor Funds
REVENUES							
Fines and forfeits	\$ -	\$ -	\$ -	\$ -	\$ 57,939	\$ -	\$ 57,939
Donations	-	-	534	-	-	1,916	2,450
Miscellaneous	100	-	-	-	20	-	120
Property tax	-	-	-	739	-	-	739
Interest	-	-	-	4	-	4	8
TOTAL REVENUES	<u>100</u>	<u>-</u>	<u>534</u>	<u>743</u>	<u>57,959</u>	<u>1,920</u>	<u>61,256</u>
EXPENDITURES							
Current							
Public safety	23	-	5,676	-	4,865	-	10,564
Parks and recreation	-	-	-	-	-	-	-
Senior citizens	-	-	-	-	-	2,149	2,149
TOTAL EXPENDITURES	<u>23</u>	<u>-</u>	<u>5,676</u>	<u>-</u>	<u>4,865</u>	<u>2,149</u>	<u>12,713</u>
Excess of revenues over (under) expenditures	<u>77</u>	<u>-</u>	<u>(5,142)</u>	<u>743</u>	<u>53,094</u>	<u>(229)</u>	<u>48,543</u>
Other financing sources (uses)							
Transfer in	3,260	-	12,585	-	-	-	15,845
Transfer out	-	-	-	-	(50,300)	-	(50,300)
Total transfers	<u>3,260</u>	<u>-</u>	<u>12,585</u>	<u>-</u>	<u>(50,300)</u>	<u>-</u>	<u>(34,455)</u>
Net change in fund balances	3,337	-	7,443	743	2,794	(229)	14,088
Fund balances, beginning	<u>33,026</u>	<u>2,156</u>	<u>49,138</u>	<u>1,080</u>	<u>5,865</u>	<u>6,276</u>	<u>97,541</u>
Fund balances, ending	<u>\$ 36,363</u>	<u>\$ 2,156</u>	<u>\$ 56,581</u>	<u>\$ 1,823</u>	<u>\$ 8,659</u>	<u>\$ 6,047</u>	<u>\$111,629</u>

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



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 Members of the Town Council  
Town of Kiefer  
Kiefer, Oklahoma

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Kiefer, Oklahoma, modified cash basis, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Town of Kiefer's basic financial statements and have issued my report thereon dated March 27, 2024.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Town of Kiefer'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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Kiefer's internal control. Accordingly, I do not express an opinion of the effectiveness of Town of Kiefer'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.

My consideration of internal control over financial reporting 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 may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Kiefer, Oklahoma's financial statements are free of material misstatement, I 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, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of the 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 *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,



Ralph Osborn  
Certified Public Accountant  
Bristow, Oklahoma  
March 27, 2024