

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

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INDEPENDENT AUDITORS' REPORT

The Honorable Members of the Board of Trustees
Town of Quinton
Quinton, Oklahoma

Opinions

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Quinton, Oklahoma, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 the Town of Quinton, Oklahoma, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. We believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Quinton, Oklahoma's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, 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 Quinton'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 Town of Quinton'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 we identified during the audit.

Other Matters

Required Supplementary Information

The Town has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinions on the basic financial statements are not affected by this missing information.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Quinton's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 April 11, 2024 on my consideration of Town of Quinton'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* and should be considered in assessing the results of my audit.



Ralph Osborn
Certified Public Accountant
Bristow, Oklahoma
April 11, 2024

TOWN OF QUINTON, OKLAHOMA
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 898,306	\$ 454,220	\$ 1,352,526
Investments	50,882	-	50,882
Restricted assets:			
Cash and cash equivalents	-	50,421	50,421
Investments	-	13,200	13,200
Accounts receivable, net	-	50,906	50,906
Due from other governments	48,647	-	48,647
Internal balances	1,433	(1,433)	-
Prepaid assets	-	1,920	1,920
Court fines receivable, net	<u>130,612</u>	<u>-</u>	<u>130,612</u>
Total current assets	<u>1,129,880</u>	<u>569,234</u>	<u>1,699,114</u>
Non-current assets:			
Capital assets:			
Land	10,325	12,029	22,354
Other capital assets, net of depreciation	<u>93,365</u>	<u>1,999,484</u>	<u>2,092,849</u>
Total non-current assets	<u>103,690</u>	<u>2,011,513</u>	<u>2,115,203</u>
Total assets	<u>1,233,570</u>	<u>2,580,747</u>	<u>3,814,317</u>
LIABILITIES:			
Accounts payable & accrued liabilities	6,700	26,395	33,095
Accrued interest payable	-	7,605	7,605
Meter deposit held in trust	-	38,075	38,075
Long-term debt current	<u>-</u>	<u>62,228</u>	<u>62,228</u>
Total current liabilities	<u>6,700</u>	<u>134,303</u>	<u>134,303</u>
Long-term debt non-current	<u>-</u>	<u>949,406</u>	<u>949,406</u>
Total non-current liabilities	<u>-</u>	<u>949,406</u>	<u>949,406</u>
Total liabilities	<u>6,700</u>	<u>1,083,709</u>	<u>1,090,409</u>
NET POSITION:			
Capital assets, net of related debt	103,690	992,274	1,095,964
Restricted for debt	-	32,318	32,318
Restricted for meter deposit	-	38,075	38,075
Unreserved	<u>1,123,180</u>	<u>434,371</u>	<u>1,557,551</u>
Total net position	<u>\$1,226,870</u>	<u>\$ 1,497,038</u>	<u>\$ 2,723,908</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF QUINTON, OKLAHOMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Function/Programs	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expenses) Revenue</u>
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities					
Administration	\$ 84,721	\$ -	\$ 11,926	\$ -	\$ (72,795)
Public safety	287,089	75,520	-	6,201	(205,368)
Community services	60,857	2,450	-	-	(59,088)
Total governmental activities	<u>432,667</u>	<u>77,970</u>	<u>11,926</u>	<u>6,201</u>	<u>(336,570)</u>
Business-type activities					
Utilities	<u>384,322</u>	<u>371,806</u>	<u>86,833</u>	<u>-</u>	<u>74,317</u>
Total business-type activities	<u>384,322</u>	<u>371,806</u>	<u>86,833</u>	<u>-</u>	<u>74,317</u>
Total primary government	<u>\$816,989</u>	<u>\$449,776</u>	<u>\$ 98,759</u>	<u>\$ 6,201</u>	<u>\$ (262,253)</u>
<u>Primary Government</u>					
		<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
Changes in net position:					
Net (expense) revenue		<u>\$ (336,570)</u>	<u>\$ 74,317</u>	<u>\$ (262,253)</u>	
General revenues					
Taxes					
Sales/Use		298,568	-	298,568	
Franchise		24,251	-	24,251	
Gas Tax		-	-	-	
Cigarette Tax		1,665	-	1,665	
Sale/Disposition of Assets		-	-	-	
Royalties		5,374	-	5,374	
Investment income		7,150	3,944	11,094	
Miscellaneous		<u>23,877</u>	<u>1,962</u>	<u>25,839</u>	
Total general revenue		<u>360,885</u>	<u>5,906</u>	<u>366,791</u>	
Change in net position		24,315	80,223	104,538	
Net position - beginning		<u>1,202,555</u>	<u>1,416,815</u>	<u>2,619,370</u>	
Net position - ending		<u>\$ 1,226,870</u>	<u>\$ 1,497,038</u>	<u>\$ 2,723,908</u>	

The accompanying notes are an integral part of this financial statement.

TOWN OF QUINTON, OKLAHOMA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Street & Alley	Cemetery	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 668,260	\$ 174,196	\$ 55,850	\$ 898,306
Investments	-	-	50,882	50,882
Receivables:				
Due from other governments	41,722	6,925	-	48,647
Due from other funds	8,623	-	-	8,623
Court fines receivable, net of allowance of \$39,428	<u>130,612</u>	<u>-</u>	<u>-</u>	<u>130,612</u>
Total assets	<u>\$ 849,217</u>	<u>\$ 181,121</u>	<u>\$ 106,732</u>	<u>\$ 1,137,070</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable & accrued liabilities	\$ 4,782	\$ 1,918	\$ -	\$ 6,700
Due to other funds	<u>-</u>	<u>6,190</u>	<u>1,000</u>	<u>7,190</u>
Total liabilities	<u>4,782</u>	<u>8,108</u>	<u>1,000</u>	<u>13,890</u>
Fund Balances:				
Unreserved	<u>844,435</u>	<u>173,013</u>	<u>105,732</u>	<u>1,123,180</u>
Total fund balance	<u>844,435</u>	<u>173,013</u>	<u>105,732</u>	<u>1,123,180</u>
Total liabilities and fund balances	<u>\$ 849,217</u>	<u>\$ 181,121</u>	<u>\$ 106,732</u>	
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 in the fund, net of accumulated depreciation of \$238,062				<u>103,690</u>
Net position of governmental civilities				<u>\$ 1,226,870</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF QUINTON, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General	Street & Alley	Cemetery	Total Governmental Funds
REVENUES:				
Sales tax	\$ 200,361	\$ 40,072	\$ -	\$ 240,433
Use tax	58,135	-	-	58,135
Franchise tax	6,225	18,026	-	24,251
Gas tax	-	-	-	-
Alcoholic beverage tax	11,926	-	-	11,926
Cigarette tax	1,665	-	-	1,665
Royalties	5,374	-	-	5,374
Lot sales	-	1,769	681	2,450
Intergovernmental	-	6,201	-	6,201
Fines and court fees	75,520	-	-	75,520
Investment income	6,718	-	432	7,150
Miscellaneous	<u>23,177</u>	<u>700</u>	<u>-</u>	<u>23,877</u>
Total revenues	<u>389,101</u>	<u>66,768</u>	<u>1,113</u>	<u>456,982</u>
EXPENDITURES:				
Administration	84,721	-	-	84,721
Public safety	267,670	-	-	267,670
Community services	2,232	49,758	-	51,990
Capital outlay	<u>29,000</u>	<u>-</u>	<u>-</u>	<u>29,000</u>
Total expenditures	<u>383,623</u>	<u>49,758</u>	<u>-</u>	<u>433,381</u>
Net change in fund balances	5,478	17,010	1,113	23,601
Fund balances - beginning	<u>838,957</u>	<u>156,003</u>	<u>104,619</u>	<u>1,099,579</u>
Fund balances - ending	<u>\$ 844,435</u>	<u>\$ 173,013</u>	<u>\$ 105,732</u>	<u>\$ 1,123,180</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF QUINTON, OKLAHOMA
STATEMENT OF FUND NET POSITION - PROPRIETARY FUND
JUNE 30, 2023

	<u>Public Works</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 454,220
Accounts receivable, net	50,906
Prepaid insurance	1,920
Restricted cash	50,421
Restricted investment	13,200
Due from other funds	<u>44</u>
Total current assets	<u>570,711</u>
Non-current assets	
Land	12,029
Capital assets, net of depreciation	<u>1,999,484</u>
Total non-current assets	<u>2,011,513</u>
TOTAL ASSETS	<u>2,582,224</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	26,395
Accrued interest payable	7,605
Deposits subject to refund	38,075
Notes payable	62,228
Due to other funds	<u>1,477</u>
Total current liabilities	<u>135,780</u>
Non-current liabilities:	
Notes payable	<u>949,406</u>
Total non-current liabilities	<u>949,406</u>
TOTAL LIABILITIES	<u>1,085,186</u>
NET POSITION	
Capital assets, net of related debt	992,274
Restricted for debt	32,318
Restricted for meter deposit	38,075
Unassigned	<u>434,371</u>
Total net position	<u>\$ 1,497,038</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF QUINTON, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Public Works</u>
<u>OPERATING REVENUES</u>	
Charges for services:	
Water	\$ 237,122
Sewer	105,507
Water/sewer taps	11,020
Penalties and reconnects	18,157
Other	<u>1,962</u>
Total operating revenues	<u>373,768</u>
<u>OPERATING EXPENSES</u>	
Wages	129,249
Payroll taxes	10,895
Water	41,179
Insurance	6,403
Legal and trustee fee	1,000
Maintenance and supplies	33,406
Licenses and testing	15,428
Office and postage	9,374
Bad Debt	6,673
Utilities and fuel	11,227
Depreciation	<u>89,477</u>
Total operating expenses	<u>354,311</u>
Net Operating income (loss)	<u>19,457</u>
<u>NON-OPERATING REVENUE (EXPENSES)</u>	
Investment income	3,944
Grant income	86,833
Interest expense	<u>(30,011)</u>
Total non-operating revenue (expense)	<u>60,766</u>
Change in net position	80,223
Total net position, beginning	<u>1,416,815</u>
Total net position, ending	<u>\$ 1,497,038</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF QUINTON, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Public Works</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 372,206
Cash payments to employees	(140,144)
Cash payments to suppliers for goods and services	<u>(114,360)</u>
Net cash provided (used) by operating activities	<u>117,702</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Grant income	86,833
Principal paid on capital debt	(60,544)
Interest paid on capital debt	(30,011)
Acquisition of fixed assets	(95,609)
(Increase)/Decrease in restricted assets - Debt Reserve	<u>(2,694)</u>
Net cash used in capital and related financing activities	<u>(102,025)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	<u>3,944</u>
Net cash provided by investing activities	<u>3,944</u>
Net increase in cash and cash equivalents	19,621
Cash and cash equivalents, beginning	<u>434,599</u>
Cash and cash equivalents, ending	<u><u>\$ 454,220</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 19,457
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	89,477
Changes in assets and liabilities:	
(Increase)/Decrease in Receivables, net	(3,421)
(Increase)/Decrease Prepaid insurance	(158)
Increase/(Decrease) Accounts payable	11,029
Increase/(Decrease) Accrued interest payable	(463)
Increase/(Decrease) Due from other funds	(78)
Increase/(Decrease) Deposits subject to refund	<u>1,859</u>
Net cash provided by operating activities	<u><u>\$ 117,702</u></u>

The accompanying notes are an integral part of this financial statement.

TOWN OF QUINTON, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Quinton, Oklahoma, was incorporated under the provisions of the laws of the State of Oklahoma. The Town operates under a Board of Trustees form of government and is governed by a five-member Board. The Trustees elect the mayor from their own body. The Town provides the following services as authorized by its charter: general government, public safety, streets, public works, judicial, health and social services, culture, parks and recreation, public improvements, and planning and zoning for the geographic area organized as the Town of Quinton, Oklahoma. 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 Quinton 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 Quinton 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.

The Quinton Public Works Authority (QPWA) was created pursuant to a Trust Indenture to acquire, construct, lease and operate the water and sewer facilities for the benefit of the Town of Quinton, Oklahoma. QPWA is empowered to incur debt for the purposes stated above. The water and sewer systems owned by the Town have been leased to QPWA. QPWA is a public trust and an agency of the State of Oklahoma under Title 60, Oklahoma Statutes and is governed by the board consisting of three trustees identical with the Town Council. The QPWA is exempt from State and Federal Income Taxes and is reported as an enterprise fund.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America applicable to government units.

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.

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

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.

Fund Financial Statements

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the Town are prepared in accordance with generally accepted accounting principles (GAAP). The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Town's reporting entity does not apply FASB pronouncements or ABP opinions issued after November 30, 1989.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to Town departments. Reimbursements are reported as reductions to expenses. Proprietary and fiduciary fund financial statements and financial statements of Town component units also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within 45 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

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

Major revenue sources susceptible to accrual include: sales and use taxes, franchise taxes (fees), intergovernmental revenues, and investment income, and user fees. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements include revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the cost of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

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.

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 Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for certain purposes, such as street and alley and cemetery.

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

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

Budgetary Accounting and Control

The Town adopts an annual budget for all funds established by the governing body as required by O.S. 11 Section 17.207 through 17.210. The state statutes also require that the budget be adopted by resolution or per the town charter at the legal level of classification (fund, department, & object category) and that the budget be filed with County Clerk and the State Auditor and Inspector. The Town may transfer budgeted amounts within and among departments. The budget is prepared on a cash basis.

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.

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.

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

Inventories and Prepaids

Inventories in governmental funds consist of expendable supplies held for consumption stated on a first-in, first-out basis. They are reported at cost which is recorded as an expenditure at the time individual inventory items are used. Proprietary funds and similar component unit inventories are recorded at the lower of cost or market on a first-in, first-out basis. The Town has not maintained inventory records, however, the value of inventory on hand at June 30, 2023 is not believed to be material.

Prepaids record payments to vendors that benefit future reporting periods and are also reported on the consumption basis. Both inventories and prepaids are similarly reported in government-wide and fund financial statements.

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 \$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	5-10
Mobile equipment	5-10
Furniture, machinery, and equipment	5-10
Utility system	10-40

Compensated Absences

The Town of Quinton's policy is to permit employees to accumulate earned but unused vacation time. Full time and part time regular employees who have been employed continuously for at least 12 months are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Town. The Town has not accrued compensated absences because the amount, if any, would not be material to the financial statements.

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.

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

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 not either covered by federal deposit insurance or were not fully collateralized.

Deposits

The Town had deposits at financial institutions with a carrying amount of approximately \$1,467,029 at June 30, 2023. The bank balance of the deposits at June 30, 2023 was approximately \$1,470,427.

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 Town monitors 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 - ACCOUNTS RECEIVABLE

The Authority has accounts receivable from its utility customers in the amount of \$50,906.

The governmental funds have accrued taxes to be received in July and August 2023.

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

NOTE D - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at June 30, 2023 are as follows:

<u>Amount</u>	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>
\$ 1,476	Public Works	General Fund
1,000	Cemetery	General Fund
<u>6,147</u>	Street & Alley	General Fund
<u>\$ 8,623</u>		

NOTE E - RESTRICTED ASSETS

The Authority has restricted cash assets for customer deposits, capital outlay and as a loan reserve for its Rural Development loan.

NOTE F - CAPITAL ASSETS

Changes in capital assets.

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

	<u>CAPITAL ASSETS, DEPRECIATED</u>				<u>Capital Assets Not Depreciated Land</u>
	<u>Buildings</u>	<u>Infrastructure & Improvements Other Than Buildings</u>	<u>Furniture, Machinery, And Equipment</u>	<u>Totals</u>	
PRIMARY GOVERNMENT					
Governmental activities					
Balance, June 30, 2022	\$ 39,900	\$ 14,760	\$ 247,767	\$ 302,427	\$ 10,325
Increases	-	-	29,000	29,000	-
Decreases	-	-	-	-	-
Balance, June 30, 2023	<u>39,900</u>	<u>14,760</u>	<u>276,767</u>	<u>331,427</u>	<u>10,325</u>
Accumulated Depreciation					
Balance, June 30, 2022	16,958	10,028	182,790	209,776	
Increase	998	930	26,358	28,286	
Decreases	-	-	-	-	
Balance, June 30, 2023	<u>17,956</u>	<u>10,958</u>	<u>209,148</u>	<u>238,062</u>	
Governmental activities					
Capital Assets, Net	<u>\$ 21,944</u>	<u>\$ 3,802</u>	<u>\$ 67,619</u>	<u>\$ 93,365</u>	<u>\$ 10,325</u>
Business-type activities					
Balance, June 30, 2022	\$ -	\$ 3,474,406	\$ 126,281	\$3,600,687	\$ 12,029
Increases	-	88,875	6,734	95,609	
Decreases	-	-	-	-	-
Balance, June 30, 2023	<u>-</u>	<u>3,563,281</u>	<u>133,015</u>	<u>3,696,296</u>	<u>12,029</u>
Accumulated Depreciation					
Balance, June 30, 2022	-	1,517,844	89,491	1,607,335	
Increase	-	76,809	12,668	89,477	
Decreases	-	-	-	-	
Balance, June 30, 2023	<u>-</u>	<u>1,594,653</u>	<u>102,159</u>	<u>1,696,812</u>	
Business-type Activities					
Capital Assets, Net	<u>\$ -</u>	<u>\$ 1,968,628</u>	<u>\$ 30,856</u>	<u>\$1,999,484</u>	<u>\$ 12,029</u>
PRIMARY GOVERNMENT					
Capital Assets, Net	<u>\$ 21,944</u>	<u>\$ 1,972,430</u>	<u>\$ 98,475</u>	<u>\$2,092,849</u>	<u>\$ 22,354</u>

TOWN OF QUINTON, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

DEPRECIATION EXPENSE

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

GOVERNMENT ACTIVITIES

Public safety	\$ 19,419
Street	8,867

BUSINESS-TYPE ACTIVITIES

Public works	\$ 89,477
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NOTE G - LONG TERM DEBT

Changes in long-term debt are as follows:

	Payable at June 30, 2022	Added	Retired	Balance at June 30, 2023
OWRB	\$ 480,528	\$ -	\$ (30,807)	\$ 449,721
OWRB	591,650	-	(29,735)	561,915
	<u>\$ 1,072,178</u>	<u>\$ -</u>	<u>\$ (60,542)</u>	<u>\$ 1,011,636</u>

As of June 30, 2023, the long-term debt payable from business-type activities resources consisted of the following:

OWRB, original issue amount of \$710,000 dated August 1, 2013 issued by Oklahoma Water Resources Board, interest rate and payments are variable each year for term of 20 years.

Current Portion	\$ 449,721
Non-Current Portion	\$ 31,691
Total Notes Payable	<u>418,030</u>
	<u>\$ 449,721</u>

OWRB, original issue amount of \$790,000 dated September 15, 2014 issued by Oklahoma Water Resources Board, interest rate and payments are variable each year for term of 22 years.

Current Portion	\$ 561,915
Non-Current Portion	\$ 30,537
Total Notes Payable	<u>531,378</u>
	<u>\$ 561,915</u>

TOWN OF QUINTON, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Debt service requirements to maturity are as follows:

	<u>Business-Type Activities</u>		
<u>Year ending</u>	<u>Notes Payable</u>		
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 62,228	\$ 25,970	\$ 88,198
2025	64,117	24,244	88,361
2026	65,985	22,538	88,523
2027	67,906	20,781	88,687
2028	69,827	19,024	88,851
2029-2033	381,111	65,889	447,000
2034-2038	<u>300,462</u>	<u>17,138</u>	<u>317,600</u>
	<u>\$ 1,011,636</u>	<u>\$ 195,584</u>	<u>\$ 1,207,220</u>

NOTE H - COMPENSATED ABSENCES

The amount that should be reported for accrued compensated absences is not known but is not believed to be material.

NOTE I - DEBT SERVICE COVERAGE

The Authority maintains a schedule of rates and charges for services rendered through the Systems which will provide annually a sum of the average annual amount to be paid in cash for the fiscal year of the Authority for the bonds and any indebtedness secured equally with the Bonds in cash, after paying or providing for the payment of and all costs and expenses of operation and maintenance of the Systems. The ratio for the current year is calculated as follows:

Operating income (loss)	\$ 19,457
Depreciation	<u>89,477</u>
Revenue available for debt service	<u>108,934</u>
Annual debt service	<u>90,553</u>
Ratio	<u>1.20 to 1</u>

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

NOTE J - PENSION OBLIGATIONS

Town of Quinton participates in a statewide, cost-sharing multiple-employer defined benefit plan on behalf of volunteer firefighters. The system is administered by an agency 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. The Town is not obligated to pay pension expenses beyond the statutory amount of \$60 per volunteer. The Town does not have paid firefighters.

Oklahoma Firefighter's Pension

		<u>And Retirement System</u>
Eligibility to Participate		All full-time or voluntary Firefighters of a participating Municipality 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
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	Yes, if vested by 5/83
Death (duty, non-duty, post-retirement)	Yes	Yes
Disability	Yes	Yes
Cost of living allowances	Yes	Yes

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

The Town is required to contribute \$60 per year per volunteer firefighter. For those years in which the Town General Fund revenue falls below a statutory amount the Town is not required to make a contribution.

Contributions required by State Statute:

<u>Fiscal</u> <u>Year</u>	<u>Oklahoma Firefighter's Pension</u> <u>And Retirement System</u>	
	<u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2023	\$ 1,020	100%
2022	\$ 1,080	100%
2021	\$ 1,020	100%

Trend information showing the progress of the system in accumulating sufficient assets to pay benefits when due is presented in the annual financial reports of the plan. Copies of the report may be obtained from the state retirement systems.

Volunteer firefighters receive a monthly pension based on their years of service. The volunteer may receive death or spousal benefits if certain conditions are met.

NOTE K - 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. The Town retained legal counsel to defend it in any legal action.

NOTE L - FEDERAL 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 the audits 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 evaluated subsequent events through April 11, 2024, the date which financial statements were available, to determine if any items need to be disclosed. The Town is subject to a wrongful termination law suit. The Town believes that all costs and settlement amounts, if any, will be covered by the Oklahoma Municipal Assurance Group Insurance policy.

TOWN OF QUINTON
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original and Final Budget	Actual	Variance with Original And Final Budget Positive (Negative)
TAXES:			
Sales and Use Tax	\$ 256,000	\$ 258,496	\$ 2,496
Franchise Tax	6,400	6,225	(175)
Total Taxes	<u>262,400</u>	<u>264,721</u>	<u>2,321</u>
INTERGOVERNMENTAL:			
Cigarette Tax	1,500	1,665	165
Liquor Tax	12,000	11,926	(74)
Total Intergovernmental	<u>13,500</u>	<u>13,591</u>	<u>91</u>
ROYALTIES	<u>5,400</u>	<u>5,374</u>	<u>(26)</u>
FINES AND FORFEITURES	<u>72,000</u>	<u>75,520</u>	<u>3,520</u>
INVESTMENT INCOME	<u>5,000</u>	<u>6,718</u>	<u>1,718</u>
MISCELLANEOUS	<u>11,926</u>	<u>23,177</u>	<u>11,251</u>
TOTAL REVENUES	<u>370,226</u>	<u>389,101</u>	<u>18,875</u>
ADMINISTRATION:			
General			
Personal Service	50,000	40,283	9,717
Materials and Supplies	23,000	23,781	(781)
Other Services and Charges	20,100	13,182	6,918
Other Services and Charges	-	-	-
Total	<u>93,100</u>	<u>77,246</u>	<u>15,854</u>
City Council:			
Other Services and Charges	675	658	17
Total	<u>675</u>	<u>658</u>	<u>57</u>
City Attorney:			
Other Services and Charges	6,525	6,225	300
Total	<u>6,525</u>	<u>6,225</u>	<u>300</u>
Clerk:			
Personal Service	1,700	592	1,108
Materials and Supplies	-	-	-
Total	<u>1,700</u>	<u>592</u>	<u>1,108</u>
TOTAL ADMINISTRATION	<u>102,000</u>	<u>84,721</u>	<u>17,279</u>

TOWN OF QUINTON
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original and		Variance with Original
	Final Budget	Actual	And Final Budget
PUBLIC SAFETY:			Positive (Negative)
Police:			
Personal Service	222,000	196,661	25,339
Materials and Supplies	61,000	51,149	9,851
Other Services and Charges	5,000	3,078	1,922
Capital Outlay	29,000	29,000	-
Total	<u>317,000</u>	<u>279,888</u>	<u>37,112</u>
Fire:			
Materials and Supplies	9,800	9,868	(68)
Other Services and Charges	3,100	2,114	986
Capital Outlay	-	-	-
Total	<u>12,900</u>	<u>11,982</u>	<u>918</u>
Municipal Court:			
Personal Service	4,800	4,800	-
Other Services and Charges	-	-	-
Total	<u>4,800</u>	<u>4,800</u>	<u>-</u>
Total Public Safety	<u>334,700</u>	<u>296,670</u>	<u>38,030</u>
COMMUNITY SERVICE:			
Animal Control:			
Personal Service	-	-	-
Materials and Supplies	<u>3,200</u>	<u>2,180</u>	<u>1,020</u>
Total	<u>3,200</u>	<u>2,180</u>	<u>1,020</u>
Cemetery:			
Materials and Supplies	-	-	-
Other Services and Charges	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>
Civil Defense:			
Other Services and Charges	<u>100</u>	<u>52</u>	<u>48</u>
Total	<u>100</u>	<u>52</u>	<u>48</u>
Community Center:			
Materials and Supplies	<u>300</u>	<u>-</u>	<u>300</u>
Total	<u>300</u>	<u>-</u>	<u>300</u>
Total Community Service	<u>3,600</u>	<u>2,232</u>	<u>1,368</u>
Total Charges to Appropriations	<u>440,300</u>	<u>383,623</u>	<u>56,677</u>
Changes in Budgetary Fund Balance	<u>\$ (70,074)</u>	<u>\$ 5,478</u>	<u>\$ 75,552</u>

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 City Council
Town of Quinton
Quinton, 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 Quinton, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Town of Quinton's basic financial statements and have issued my report thereon dated April 11, 2024 which did not include Management's Discussion and Analysis.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Town of Quinton'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 Quinton's internal control. Accordingly, I do not express an opinion on the effectiveness of Town of Quinton'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 Quinton, 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
April 11, 2024