

TOWN OF FOYIL, OKLAHOMA
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
JUNE 30, 2022



124 S. Main Street, Miami, Oklahoma 74354
22 South Adair, Pryor, Oklahoma 74361
918-542-4401

	PAGE
Independent Auditor’s Report	1-2
Required Supplementary Information:	
Management’s Discussion and Analysis (Unaudited)	3-5
Basic Financial Statements:	
<i>Government-Wide Financial Statements</i>	
Statement of Net Position	6
Statement of Activities	7
<i>Fund Financial Statements</i>	
Balance Sheet - Governmental Funds	8
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Statement of Net Position – Proprietary Fund.....	11
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund.....	12
Statement of Cash Flows – Proprietary Fund.....	13
Notes to the Financial Statements.....	14-27
Required Supplementary Information:	
Budget and Actual – General Fund	28
Internal Control and Compliance:	
Report on Internal Control over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	29-30
Schedule of Findings.....	31



124 S. Main Street, Miami, Oklahoma 74354
22 South Adair, Pryor, Oklahoma 74361
918-542-4401

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the Town Council
Town of Foyil
Foyil, Oklahoma

OPINIONS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Foyil, State of Oklahoma (the "Town") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINIONS

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, on page 3 through 6 and page 29, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 17, 2022, on our consideration of the Town's internal control over financial reporting, and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting, and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting, or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering the Town's internal control over financial reporting and compliance.

Sincerely,



OBER & LITTLEFIELD, CPAS, PLLC
Miami, Oklahoma

NOVEMBER 17, 2022

Management of the Town of Foyil provides this discussion and analysis of the Town of Foyil's financial performance as an overview of the Town's financial activities for the fiscal year ended June 30, 2022. We encourage readers to consider this information in conjunction with the Town's financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

- Total net position of the Town increased by \$11,591.04, or 0.75%, from the prior year. This increase is largely due to an increase in tax collections and fees collected for sewer charges.
- The Town's General Fund net position increased by \$5,442.65, or 1.85%, due primarily to slightly higher tax receipts and transfers in from FEDA.
- Net position of the Economic Development Authority increased by \$6,148.39, or 0.49%, due to transfers to the General Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and an optional section that presents supplementary information. The basic financial statements include two kinds of statements that present different views of the Town.

- The first segment is *government-wide financial statements*, which provide both *long-term* and *short-term* information about the Town's overall financial status.
- The remaining statements are *fund financial statements*, which focus on *individual parts* of the Town's operations, in more detail, than the *government-wide financial statements*.
- The *governmental funds* statements tell how *general government* services, like public safety, were financed in the *short-term*, as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements, and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains, and supports, the information in the financial statements.

Government-Wide Statements

The government-wide statements report information about the Town, as a whole, using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities.

The two government-wide statements report the Town's *net position*, and how it has changed. Net position – the difference between the Town's assets and liabilities – is one way to measure the Town's financial health, or *position*.

Over time, increases or decreases in the Town's net position are an indicator of whether its financial health is improving, or deteriorating, respectively.

The government-wide financial statements of the Town are divided into categories:

Government activities – Most of the Town’s basic services are included here, such as general administration. Sales taxes, use taxes, and grants finance most of these activities.

Business-type activities – The Town charges a fee to customers to help it cover all, or most, of certain services it provides. The Town’s sewer sanitation system is reported here.

Fund Financial Statements

The following two paragraphs summarize the major features of the Town’s financial statements, including the portion of the Town government that they cover, and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Governmental Funds – Most of the Town’s basic services are reported in governmental funds, which focus on how money flows into, and out of, those funds and the balances left at year-end that are available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town’s general government operations, and the basic services it provides. Governmental fund information helps you determine whether there are more, or fewer, financial resources that can be spent, in the near future, to finance the Town’s programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements of the Governmental Funds.

Proprietary Funds – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position, and the statement of activities. As of June 30, 2022, the Town of Foyil had one proprietary fund, the Foyil Economic Development Authority.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net Position (See Table A-1)

Table A-1
Summary of Net Position

	Governmental Activities		Business-Type Activities	
	2022	2021	2022	2021
Current and Other Assets	\$ 179,381.91	\$ 170,517.02	\$ 482,597.02	\$ 447,155.73
Capital Assets	125,391.70	127,917.15	1,152,004.68	1,189,806.97
Total Assets	\$304,773.61	\$298,434.17	\$ 1,634,601.70	\$ 1,636,962.70
Current Liabilities	\$ 5,691.54	\$ 4,794.75	\$ 11,048.03	\$ 10,400.87
Long-Term Liabilities	-	-	366,906.21	376,062.76
Total Liabilities	5,691.54	4,794.75	377,954.24	386,463.63
Net Position				
Invested in Capital Assets	125,391.70	127,917.15	775,937.44	804,974.64
Unrestricted	173,690.37	165,722.27	454,502.69	419,336.65
Restricted for Specific Purpose	-	-	26,207.33	26,187.78
Total Net Position	\$299,082.07	\$293,639.42	\$ 1,256,647.46	\$ 1,250,499.07

Changes in Net Position (See Table A-2)

Table A-2
Changes in Net Position

	Governmental Activities		Business-Type Activities	
	2022	2021	2022	2021
Revenues				
Program revenues:				
Investment earnings	\$ 108.20	\$ 64.24	\$ 341.63	\$ 228.26
Sewer charges	-	-	13,801.82	14,684.61
General revenues:				
Sales tax revenues (net)	33,875.86	39,347.90	117,540.16	124,142.84
Other taxes	18,772.92	15,366.96	-	-
Operating grants	34,731.64	8,500.00	-	-
Other income	88,670.84	85,901.35	-	-
Total Revenues	176,159.46	149,180.45	131,683.61	139,055.71
Expenses				
Personal services	69,265.00	41,710.21	-	-
Interest expense	-	-	17,423.50	14,628.72
Maintenance and operations	101,451.81	53,340.01	108,111.72	157,855.09
Total Expenses	170,716.81	95,050.22	125,535.22	172,483.81
Increase (Decrease) in Net Position	\$ 5,442.65	\$ 54,130.23	\$ 6,148.39	\$ (33,428.10)

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

General Fund Budgetary Highlights

The Town's budget is prepared according to Oklahoma law, and is based on the beginning surplus, plus ninety percent of the previous years' recurring revenues. The most significant budget fund is the General Fund. An annual appropriation budget is required for the General Fund. The Town Council is provided with a detailed line-item budget for the General Fund. Normally, several meetings are devoted to discussion, and explanation, of the proposed budget by staff. The Town Council may transfer appropriations from one line-item to another after the budget is adopted. The Town Council must approve any budget amendments that would alter total budget, or make any interfund transfers of money. The Town Council closely monitors the budget through the year through use of monthly financial statements, comparing budget to actual revenue and expenditures.

TOWN OF FOYIL, STATE OF OKLAHOMA
STATEMENT OF NET POSITION – GOVERNMENT-WIDE
YEAR ENDED JUNE 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets:			
Cash and cash equivalents	\$ 152,600.09	\$ 452,884.63	\$ 605,484.72
Prepaid insurance	873.06	873.06	1,746.12
Accounts Receivable	-	2,632.00	2,632.00
Taxes receivable	25,908.76	-	25,908.76
Total current assets	<u>179,381.91</u>	<u>456,389.69</u>	<u>635,771.60</u>
Current Restricted Assets:			
Cash and cash equivalents	-	26,207.33	26,207.33
Non-Current Assets:			
Capital assets, net of accumulated depreciation	<u>125,391.70</u>	<u>1,152,004.68</u>	<u>1,277,396.38</u>
Total assets	<u>\$ 304,773.61</u>	<u>\$ 1,634,601.70</u>	<u>\$ 1,939,375.31</u>
Liabilities			
Current Liabilities:			
Accounts payable	\$ 3,581.92	\$ 96.00	\$ 3,677.92
Accrued interest payable	-	1,337.37	1,337.37
Administration fees payable	-	205.15	205.15
Federal taxes payable	1,530.89	248.48	1,779.37
State taxes payable	428.73	-	428.73
Deposits Refundable	150.00	-	150.00
Current portion of long-term debt	-	9,161.03	9,161.03
Total current liabilities	<u>5,691.54</u>	<u>11,048.03</u>	<u>16,739.57</u>
Long-term liabilities			
Notes payable	<u>-</u>	<u>366,906.21</u>	<u>366,906.21</u>
Total liabilities	<u>5,691.54</u>	<u>377,954.24</u>	<u>383,645.78</u>
Net Position			
Invested in capital assets, net of related debt	125,391.70	775,937.44	901,329.14
Unrestricted	173,690.37	454,502.69	628,193.06
Restricted for specific purpose	<u>-</u>	<u>26,207.33</u>	<u>26,207.33</u>
Total net position	<u>299,082.07</u>	<u>1,256,647.46</u>	<u>1,555,729.53</u>
Total liabilities and net position	<u>\$ 304,773.61</u>	<u>\$ 1,634,601.70</u>	<u>\$ 1,939,375.31</u>

The accompanying notes are an integral part of these financial statements

TOWN OF FOYIL, STATE OF OKLAHOMA
 STATEMENT OF ACTIVITIES – GOVERNMENT-WIDE
 YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Charges for Services	Program Revenues		Net (Expense) Revenue
			Operating Grants	Capital Grants	
Governmental activities:					
General government	\$ 100,794.30	\$ 3,003.29	\$ 33,009.86	\$ -	\$ (64,781.15)
Police	69,922.51	50,154.55	1,721.78	-	(18,046.18)
Total governmental activities	170,716.81	53,157.84	34,731.64	-	(82,827.33)
Business type activities:					
Sewer	73,213.72	13,801.82	-	-	(59,411.90)
Total	\$ 243,930.53	\$ 66,959.66	\$ 34,731.64	\$ -	\$ (142,239.23)

	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
Changes in net position:			
Net (expense) revenue	\$ (82,827.33)	\$ (59,411.90)	\$ (142,239.23)

General Revenues:

Taxes:			
Sales tax	151,416.02	-	151,416.02
Alcoholic beverage tax	3,898.76	-	3,898.76
Franchise tax	12,694.05	-	12,694.05
Cigarette tax	1,254.18	-	1,254.18
Rental/Sale	615.00	-	615.00
Restricted for transportation purposes:			
Gasoline tax	925.93	-	925.93
Interest income	108.20	341.63	449.83
Total general revenues	170,912.14	341.63	171,253.77
Indirect Expenses:			
Interest expense	-	(17,423.50)	(17,423.50)
Transfers - External	34,898.00	(34,898.00)	-
Transfers - internal activity	(117,540.16)	117,540.16	-
Total general revenues and transfers	88,269.98	65,560.29	153,830.27
Change in net position	5,442.65	6,148.39	11,591.04
Net position - beginning	293,639.42	1,250,499.07	1,544,138.49
Net position - ending	\$ 299,082.07	\$ 1,256,647.46	\$ 1,555,729.53

The accompanying notes are an integral part of these financial statements

TOWN OF FOYIL, STATE OF OKLAHOMA
 BALANCE SHEET – GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2022

	General Fund
Assets	
Cash	\$ 152,600.09
Prepaid insurance	873.06
Taxes receivable	25,908.76
Total assets	<u>\$ 179,381.91</u>
Liabilities and Fund Balances	
Liabilities	
Accounts payable	\$ 3,581.92
Deposits Refundable	150.00
Payroll taxes payable	1,959.62
Total liabilities	<u>5,691.54</u>
Fund balances	
Unassigned	<u>173,690.37</u>
Total liabilities and fund balances	<u>\$ 179,381.91</u>
Total fund balance, governmental funds	\$ 173,690.37
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of depreciation, used in governmental activities are not current financial resources and therefore, are not reported in the governmental activities of the statement of net position.	<u>125,391.70</u>
Net position of governmental activities in the statement of net position	<u>\$ 299,082.07</u>

The accompanying notes are an integral part of these financial statements

TOWN OF FOYIL, STATE OF OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Fund
Revenues:	
Donations	\$ 1,721.78
Grants	33,009.86
Investment income	108.20
Rental of property	615.00
Other income	53,157.84
Taxes	170,188.94
Total revenues	<u>258,801.62</u>
Expenditures:	
General Government	
Personal services	34,637.89
Maintenance/operations	52,350.02
Police	
Personal services	34,627.11
Maintenance/operations	40,935.87
Capital Outlay	5,640.47
Total expenditures	<u>168,191.36</u>
Excess (deficiency) of revenues over (under) expenditures	90,610.26
Other Financing Sources and (Uses):	
Transfers in/(out)	(117,540.16)
Transfer from FEDA	34,898.00
Total other financing sources and (uses)	<u>(82,642.16)</u>
Net change in fund balance	7,968.10
Fund balance, beginning	165,722.27
Fund balance, ending	<u>\$ 173,690.37</u>

The accompanying notes are an integral part of these financial statements

TOWN OF FOYIL, STATE OF OKLAHOMA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2022

Net change in fund balance - total governmental funds \$ 7,968.10

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the statement of activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives, as depreciation expense, for the period. This is the amount that depreciation in the current period exceeds the current capital outlays.

(2,525.45)

Change in net position of governmental activities

\$ 5,442.65

The accompanying notes are an integral part of these financial statements

TOWN OF FOYIL, STATE OF OKLAHOMA
STATEMENT OF NET POSITION - PROPRIETARY FUND
YEAR ENDED JUNE 30, 2022

Assets	
Current Assets:	
Cash and cash equivalents	\$ 452,884.63
Prepaid insurance	873.06
Accounts receivable	2,632.00
Total current assets	<u>456,389.69</u>
Current Restricted Assets:	
Cash and cash equivalents	26,207.33
Non-Current Assets:	
Capital assets, net of accumulated depreciation	<u>1,152,004.68</u>
Total assets	<u><u>\$ 1,634,601.70</u></u>
Liabilities	
Current Liabilities:	
Accrued interest payable	\$ 1,337.37
Administration fees payable	205.15
Payroll taxes payable	248.48
Current portion of notes payable	9,161.03
Total current liabilities	<u>11,048.03</u>
Non-Current Liabilities:	
Notes payable	<u>366,906.21</u>
Total liabilities	<u><u>377,954.24</u></u>
Net Position	
Invested in capital assets, net of related debt	775,937.44
Restricted	26,207.33
Unrestricted	454,502.69
Total net position	<u>1,256,647.46</u>
Total liabilities and net position	<u><u>\$ 1,634,601.70</u></u>

The accompanying notes are an integral part of these financial statements

TOWN OF FOYIL, STATE OF OKLAHOMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2022

Operating Revenues:	
Sewer revenue	\$ 13,801.82
Total revenues	<u>13,801.82</u>
Operating Expenses:	
Personnel expenses:	
Salaries and payroll taxes	13,886.85
Depreciation	41,198.29
Dues	566.70
Insurance	807.28
Office expenses	1,052.00
Professional fees	5,130.48
Repairs and maintenance	10,472.38
Total operating expenses	<u>73,213.72</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(59,411.90)</u>
Non-Operating Revenues (Expenses):	
Interest income	341.63
Interest expense	(17,423.50)
Transfer from general fund - sales tax	117,540.16
Transfer to general fund	(34,898.00)
Total non-operating revenues (expenses)	<u>65,560.29</u>
Net income/(loss)	6,148.39
Total net position - beginning	<u>1,250,499.07</u>
Total net position - ending	<u>\$ 1,256,647.46</u>

The accompanying notes are an integral part of these financial statements

TOWN OF FOYIL, STATE OF OKLAHOMA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
YEAR ENDED JUNE 30, 2022

	Economic Development Authority
Cash Flows from Operating Activities	
Receipts from customers	\$ 13,862.73
Payments to employee	(13,886.85)
Payments to suppliers	(17,935.10)
Net cash provided/(used) by operating activities	<u>(17,959.22)</u>
Cash Flows from Noncapital Financing Activities	
Interfund transfers in/(out)	<u>82,642.16</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	(3,396.00)
Principal paid on capital debt	(8,765.09)
Interest paid on capital debt	(17,423.50)
Net cash provided/(used) by capital and related financing activities	<u>(29,584.59)</u>
Cash Flows from Investing Activities	
Interest and dividends	<u>341.63</u>
Net increase/(decrease) in cash and cash equivalents	35,439.98
Cash and cash equivalents, beginning of year	<u>443,651.98</u>
Cash and cash equivalents, end of year	<u><u>\$ 479,091.96</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income/(loss)	\$ (59,411.90)
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	41,198.29
Change in assets and liabilities:	
(Increase)/decrease accounts receivable	60.91
(Increase)/decrease prepaid expenses	(62.22)
Increase/(decrease) accounts payable	(487.18)
Increase/(decrease) in accrued liabilities	742.88
Net cash provided by operating activities	<u><u>\$ (17,959.22)</u></u>
Reconciliation to the Statement of Net Position	
Cash and cash equivalents	\$ 452,884.63
Cash and cash equivalents - restricted	26,207.33
Total cash and cash equivalents	<u><u>\$ 479,091.96</u></u>

The accompanying notes are an integral part of these financial statements

Note 1- Summary of Significant Accounting Policies

The following notes to the financial statements are an integral part of the Town of Foyil, Oklahoma (the “Town”)’s financial statements.

The Town complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements, and Accounting Principles Board (APB) opinions, issued on or before November 30, 1989, have been applied unless those pronouncement conflict with, or contradict, GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the Town the option of electing to apply FASB pronouncements issued after November 30, 1989. The Town has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note. The Town is required to implement the new financial reporting requirements of GASB Statement Nos. 33 and 34, and as a result, an entirely new financial presentation format has been implemented.

1A. Financial Reporting Entity

The Town’s financial reporting entity is comprised of the following:

Primary Government:	Town of Foyil, Oklahoma
Blended Component Unit:	Foyil Economic Development Authority

In determining the financial reporting entity, the Town complies with the provisions of Governmental Accounting Standards Board Statement No. 14, “The Financial Reporting Entity,” and includes all component units of which the Town appointed a voting majority of the units’ board, and the Town is either able to impose its will on the unit, or a financial benefit or burden relationship exists.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria, described above, and whose governing body is the same, or substantially the same, as the Town Council, or the component unit provides services entirely to the Town. The component unit’s fund is blended into those of the Town’s, by appropriate activity type, to comprise the primary government presentation.

Component Unit	Brief Description/Inclusion Criteria	Reporting
Foyil Economic Development Authority	Created to finance, develop, and operate sewer service activities.	Enterprise Fund

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria, described above, but do not meet the criteria for blending. Currently, the Town has no discretely presented component units.

1.B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government, as a whole. They include all funds of the reporting entity, except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, or governmental revenues, and other non-exchange revenues. Business-type activities are financed, in whole, or in part, by fees charged to external parties for goods and services. The Town of Foyil has one business-type activity, Foyil Economic Development Authority (“FEDA”).

Note 1- Summary of Significant Accounting Policies (continued)

1.B. Basis of Presentation (continued)

Government-Wide Financial Statements (continued)

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program, or function, and, therefore, are clearly identifiable to a particular function

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town, or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental, or enterprise, fund are at least ten percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund, or enterprise fund, are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below.

Governmental Funds

General Fund

The General Fund is the primary operating fund of the Town, and is always classified as a major fund. It is used to account for all activities except those legally, or administratively, required to be accounted for in other funds.

Proprietary Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurements, similar to the private sector. The reporting entity includes the following enterprise fund:

Foyil Economic Development Authority

Accounts for activities of the public trust in providing sewer services to the public.

1.C. Measurement Focus and Basis of Accounting

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

Note 1- Summary of Significant Accounting Policies (continued)

1.C. Measurement Focus and Basis of Accounting (continued)

Measurement Focus

In the government-wide statement of net position and statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus, as subsequently defined in items (a) and (b).

In the fund financial statements, the current financial resources measurement focus, or the economic resources measurement focus, 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.
- b. The proprietary fund utilizes an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent, or financial or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

The Town has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, as of June 30, 2004.

The effect of this change is as follows:

1. Government-wide statement of net position and statement of activities
 - a. Proprietary Fund – Foyil Economic Development Authority – In the current year, sales tax received in July and August, 2022 (representing sales tax collections in May and June, 2022) has been reflected.
 - b. Governmental Funds – Two months of sales tax revenues are being reflected, as discussed under proprietary fund. Fixed assets are reported, net of depreciation, and depreciation expense is reflected in the statement of activities. Franchise taxes are being reported on the accrual basis. Expenditures are now recognized when a liability is incurred.

Infrastructure is being reported on a prospective basis and, accordingly, only reflects additions in the current year.

2. Fund Financial Statements – Two months of tax revenues and franchise taxes, representing receivables at year end, are reflected as income, and expenses are recognized when incurred.
3. Budget Basis of Accounting – No change.

Note 1- Summary of Significant Accounting Policies (continued)

1.C. Measurement Focus and Basis of Accounting (continued)

Basis of Accounting (continued)

In the government-wide statement of net position and statement of activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange, and exchange-like, transactions are recognized when the exchange takes place. Specifically, taxes received in July and August, after the year end, are accrued when such taxes pertain to the period being reported.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the liability is incurred, or economic asset used.

Budget Basis of Accounting

Formal budgetary accounting is employed as a management control for the governmental fund of the Town. Annual operating budgets are adopted only for the general fund. The basis of accounting for budgetary purposes, for all funds, is the cash basis; i.e., revenues are recognized when received, and expenditures are recognized when paid. The Foyil Economic Development Authority also adopts a budget, and revenues are recognized when earned and billed, and expenditures are recognized when incurred.

The budget method authorized by Oklahoma Statute, adopted by the Town for its general fund, places a limit on the amount that can be budgeted. The amount to be budgeted for the next fiscal year is the unreserved fund balance, at the end of the fiscal year, plus 90% of its revenues for the year just ended. All unencumbered budget appropriations, except project budgets, lapse at the end of each fiscal year.

1.D. Assets, Liabilities and Equity

Cash and cash equivalents

Oklahoma Statutes authorize the Town to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments, provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the Town can invest in direct debt securities of the United States.

For financial statement presentation, and for purposes of the statement of cash flows, the Town's cash, and cash equivalents, are considered to be cash on hand, demand deposits, and certificates of deposit, with a maturity date of three months or less. Debt instruments with a maturity date of more than three months from date of issue are considered investments.

Note 1- Summary of Significant Accounting Policies (continued)

1.D. Assets, Liabilities and Equity (continued)

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 certain reported amounts, and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations, or proprietary fund and similar discretely presented component unit operations, and whether they are reported in the government-wide, or fund, financial statements.

Government-Wide Statements

In the government-wide financial statements, capital assets arising from cash transactions, or events, are accounted for, as assets, in the statement of net position. All capital assets are valued at historical cost, or estimated historical cost, if actual is unavailable.

Depreciation of all exhaustible capital assets arising from cash transactions, or events, is recorded as an allocated expense, in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives, using the straight-line method of depreciation.

Depreciation is computed using the straight-line method, over the following estimated useful lives, in years:

Buildings	15 - 50
Building Improvements	5 - 60
Infrastructure	25 - 50
Machinery and Equipment	10 - 40
Office Machinery and Equipment	2 - 15
Vehicles	5 - 15

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions, or events, acquired for use in governmental fund operations are accounted for as capital outlay expenditures, of the governmental fund, upon acquisition.

Note 1- Summary of Significant Accounting Policies (continued)

1. D. Assets, Liabilities and Equity (continued)

Restricted Assets

Restricted assets include cash, and investments, of the proprietary fund that are legally restricted as to their use. Restricted assets include funds on deposit required to be reserved by terms of promissory notes.

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations, or proprietary fund operations, and whether they are reported in the government-wide, or fund, financial statements.

All long-term debt, to be repaid from governmental and business-type resources, are reported, as liabilities, in the government-wide statements. The long-term debt consists primarily of notes payable and capitalized lease obligations.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as revenue, and payments of principal and interest are reported as expenditures. The accounting for long-term debt of the proprietary fund is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The Town is not able to reasonably estimate the accrual for compensated absences. Therefore, the balance has not been recorded.

Net Position/Fund Balance Classifications

Government-Wide Statements

Net position is classified, and displayed, in three components:

1. *Net investment in capital assets* – Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets, and adjusted for any deferred inflows, and outflows, of resources, attributable to capital assets and related debt.
2. *Restricted* – Consists of restricted assets, reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions, or enabling legislation.
3. *Unrestricted* – Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets, or the restricted component of net position.

Note 1- Summary of Significant Accounting Policies (continued)

1. D. Assets, Liabilities and Equity (continued)

Fund Financial Statements

The difference among assets, deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance, and classified as nonspendable, restricted, committed, assigned, and unassigned, based on the respective level of constraint. These constraints are defined as follows:

Nonspendable – Amounts that cannot be spent because they either are not in spendable form, or are legally, or contractually, required to be maintained intact.

Restricted – Amounts constrained, regarding use, from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or by restrictions imposed by law through constitutional provisions, or enabling legislation.

Committed – Amounts constrained, regarding use, for specific purposes, pursuant to requirements imposed by formal action of the Town’s highest level of decision-making authority.

Assigned – Amounts constrained by the Town’s intent to be used for specific purposes, but that are neither restricted nor committed.

Unassigned – The residual classification of the General Fund for spendable amounts that have not been restricted, committed, or assigned to specific purposes.

When an expenditure is incurred for purposes for which amounts in any of the fund balance classifications of committed, assigned or unassigned could be used, the Town considers the expenditure spent out of the committed fund balance.

Note 1.E. Revenues, Expenditures, and Expenses

Sales tax

The Town presently levies a sales tax on taxable sales within the Town. The sales tax is collected by the Oklahoma Tax Commission, and remitted to the Town in the month following receipt by the Oklahoma Tax Commission. The Tax Commission receives the sales tax approximately one month after collection by vendors. The sales tax is recorded entirely in the General Fund.

Operating Revenue and Expenses

Operating revenues, and expenses, for proprietary funds result from providing services, and producing and delivering goods or services. They also include all revenues, and expenses, not related to capital and related financing, noncapital financing, or investing activities.

Note 1- Summary of Significant Accounting Policies (continued)

1.F. Expenditures/Expenses

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

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

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

Proprietary Funds – By Operating and Non-Operating

1.G. Interfund Transfers

Permanent re-allocations of resources, between funds of the reporting entity, are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

1.H. Use of Estimates

The preparation of the financial statements, in accordance with accounting principles generally accepted in the United States of America, requires management to make estimates, and assumptions, that affect reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Stewardship, Compliance and Accountability

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

2.A. Fund Accounting Requirements

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

<u>Fund</u>	<u>Required By</u>
Economic Development Authority Fund	Trust Indenture

Note 2. Stewardship, Compliance and Accountability (continued)

2.B. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. For the year ended June 30, 2022, the Town complied, in all material respects, with those revenue restrictions. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions on Use</u>
Sewer Revenue	Debt Service and Utility Operations

2.C. Deposit and Investment Laws and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral, valued at the lower of market or par. Acceptable collateral includes certain U.S. Government, or Government agency, securities, certain State of Oklahoma or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Town must have a written collateral agreement approved by the board of directors, or loan committee. As reflected in Note 3.A., all deposits were fully insured or collateralized for the fiscal year ended June 30, 2022.

Investments of the Town (excluding Public Trusts) whose population exceeds 3,000, according to the latest census information, are limited, by state law, to the following:

1. Direct obligations of the U.S. Government, its agencies, or instrumentalities to the payment of which the full faith and credit of the Government of the United States is pledged, or obligations to the payment of which the full faith and credit of this state is pledged;
2. Certificates of deposit, or savings accounts, that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit, or savings, accounts in out-of-state financial institutions;
3. With certain limitations, negotiable certificates of deposit, prime bankers' acceptance, prime commercial paper, and repurchase agreements;
4. County, municipal, or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district;
5. Notes or bonds secured by mortgage, or trust deed insured by the Federal Housing Administrator, and debentures issued by the Federal Housing Administrator, and in obligation of national mortgage associations;
6. Money market funds regulated by the SEC, and in which investments consist of the investments mentioned in the previous paragraphs 1., 2., 3., and 4.

Note 2. Stewardship, Compliance and Accountability (continued)

2.C. Deposit and Investment Laws and Regulations (continued)

Public trusts created under O.S. Title 60 are not subject to the above noted investment limitations, and are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2022, the Town, and its public trusts, complied, in all material respects, with these investment restrictions.

2. D. Debt Restrictions and Covenants

General Obligation Debt

Article 10, Sections 26 and 27, of the Oklahoma Constitution, limits the amount of outstanding general obligation bonded debt of the municipality for non-utility, or non-street, purposes to no more than 10% of net assessed valuation. For the year ended June 30, 2022, the Town has no outstanding general obligation debt.

Other Long-Term Debt

As required by the Oklahoma State Constitution, the Town (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue, without first obtaining voter approval. For the year ended June 30, 2022, the Town incurred no such indebtedness.

2. E. Fund Equity Restrictions

Deficit Prohibition

Title 11, Section 17-211 of Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund. The Town complied with this statute, in all material respects, for the year ended June 30, 2022.

2.F. Budgetary Accounting and Control

The Town operates under the Oklahoma Estimates of Needs (Title 68) budget law. A budget is legally adopted by the Board of Trustees for the General Fund of the Town. The budget is prepared using the cash basis and budget laws of the State of Oklahoma. The financial statements are prepared using the accounting principles generally accepted in the United States of America. There are timing differences related to encumbrances between the financial statements presentation and the budget that are reconciled on page 29 of this report. The Board of Trustees can legally amend the budget, once it has been approved, by filing a supplemental appropriation with the state auditor and inspector, and town clerk. Budget transfers between funds have to be approved by the Board of Trustees. There were no supplemental appropriations made during the fiscal year. All appropriations lapse at year-end. The level of control at which expenditures may not legally exceed appropriations is the fund level for each legally adopted fiscal operating budget.

Note 3. Detail Notes – Transaction Classes/Accounts

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3.A. Cash and Investments

Authorized Investments

State statutes govern the Town’s investment policy. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts, or savings certificates, of savings and loan associations and trust companies. Collateral is required for demand deposits, and certificates of deposit, for all amounts not covered by federal deposit insurance. Investments are stated at cost. The Town invests entirely in certificates of deposit.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Town’s deposits may not be returned to it. The Town’s cash deposits, including interest-bearing certificates of deposit, are maintained in financial institutions. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2022, none of the Town’s investments were exposed to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

3.B. Restricted Assets

The amounts reported as restricted assets are comprised of cash, held in trust, on behalf of the Economic Development Authority, for debt repayment.

The restricted assets, as of June 30, 2022, are as follows:

Reserve Account	<u>\$26,207.33</u>
-----------------	--------------------

Note 3. Detail Notes – Transaction Classes/Accounts (continued)

3.C. Capital Assets

Capital Asset Activity

Capital asset activity, for the year ended June 30, 2022 was as follows:

Governmental Activities

	Balance 06/30/2021	Additions	Transfers	Balance 06/30/2022
Non-depreciable assets:				
Land	\$ 2,000.00	\$ -	\$ -	\$ 2,000.00
Depreciable assets:				
Buildings and improvements	134,835.00	-	-	134,835.00
Equipment	29,013.19	2,740.47	-	31,753.66
Vehicle	12,500.00	2,900.00	-	15,400.00
Total capital assets being depreciated	176,348.19	5,640.47	-	181,988.66
Accumulated depreciation	(50,431.04)	(8,165.92)	-	(58,596.96)
Total capital assets being depreciated, net	125,917.15	(2,525.45)	-	123,391.70
Governmental activities capital assets, net	<u>\$ 127,917.15</u>	<u>\$ (2,525.45)</u>	<u>\$ -</u>	<u>\$ 125,391.70</u>

Depreciation expense was charged to general government.

Business-Type Activities

	Balance 06/30/2021	Additions	Disposals	Balance 06/30/2022
Non-depreciable assets:				
Land	\$ 153,700.46	\$ -	\$ -	\$ 153,700.46
Depreciable assets:				
Equipment	-	3,396.00	-	3,396.00
Building	3,590.00	-	-	3,590.00
Sewer system	1,575,578.36	-	-	1,575,578.36
Total capital assets being depreciated	1,579,168.36	3,396.00	-	1,582,564.36
Accumulated Depreciation	(543,061.85)	(41,198.29)	-	(584,260.14)
Total capital assets being depreciated, net	1,036,106.51	(37,802.29)	-	998,304.22
Business-type activities capital assets, net	<u>\$ 1,189,806.97</u>	<u>\$(37,802.29)</u>	<u>\$ -</u>	<u>\$ 1,152,004.68</u>

Note 3. Detail Notes – Transaction Classes/Accounts (continued)

3.D. Long-Term Debt

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities, and amounts to be repaid from business-type activities.

Business-Type Activities

As of June 30, 2022, the long-term debt payable from proprietary fund resources consisted of the following:

On May 19, 2006, the Authority executed a Rural Development promissory note, with the United States Department of Agriculture. The amount of the loan was \$475,000, with a maturity date of May 19, 2046, for improvements to the sewer system. The note bears interest at 4.38%, and payments were deferred for one year, with a single interest payment due in 2007. Monthly payments of \$2,119, including interest, are due on the note.

\$376,067.27

Less: current portion

(9,161.03)

Total long-term debt

\$366,906.21

The maturities of long-term debt, for business-type activities, are as follows:

	<u>Principal</u>	<u>Interest</u>
2023	9,161.03	16,266.97
2024	9,569.96	15,858.04
2025-2029	53,751.91	72,488.09
2030-2034	67,988.33	59,151.67
2035-2039	84,579.25	42,560.76
2040-2044	105,218.69	21,921.31
2045-2047	45,798.07	2,119.87
	<u>\$376,067.24</u>	<u>\$230,366.71</u>

Changes in Long-Term Debt

The following is a summary of changes in long-term debt, for the year ended June 30, 2022:

	<u>Balance</u> <u>June 30, 2021</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Amount Due</u> <u>Within One Year</u>
Business-Type Activities					
Notes Payable	<u>\$384,832.33</u>	<u>\$ -</u>	<u>\$ (8,765.09)</u>	<u>\$376,067.24</u>	<u>\$ 9,161.03</u>

Note 4. Other Information

4. A. Risk Management

Internal Balances

In the process of aggregating the financial information for the government-wide statement of net position, and statement of activities, some amounts reported as interfund activity, and balances, in the fund financial statements have been eliminated, or reclassified.

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disaster. The Town maintains insurance for claims and judgments through employee health, property and liability, workers' compensation, and unemployment insurance programs. These insurance programs are accounted for in the General Fund. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

Subsequent Events

Management has evaluated and disclosed subsequent events up to November 17, 2022, the date that the financials were available to be issued, and no additional disclosures are required.

TOWN OF FOYIL, STATE OF OKLAHOMA
 BUDGET AND ACTUAL – GENERAL FUND
 YEAR ENDED JUNE 30, 2022

	General Fund			Budget Variance Final to Actual
	Budgeted Amounts		Actual	
	Original	Final		
Beginning budgetary fund balance	\$ 166,772.00	\$ 166,772.00	\$ 165,722.27	
<u>Revenues:</u>				
Taxes	141,550.00	141,550.00	170,188.94	28,638.94
Investment income	150.00	150.00	108.20	(41.80)
Sales, services, fines, and other	1,000.00	1,000.00	88,504.48	87,504.48
Total revenues	<u>142,700.00</u>	<u>142,700.00</u>	<u>258,801.62</u>	<u>116,101.62</u>
<u>Expenditures:</u>				
Personal services	31,800.00	31,800.00	72,172.78	(40,372.78)
Maintenance and operations	38,060.00	38,060.00	66,024.90	(27,964.90)
Total expenditures	<u>69,860.00</u>	<u>69,860.00</u>	<u>138,197.68</u>	<u>(68,337.68)</u>
Excess of Revenues over/(under) expenditures	72,840.00	72,840.00	120,603.94	47,763.94
Transfers to other funds	35,345.00	35,345.00	117,540.16	82,195.16
Ending balance, end of year	<u>\$ 204,267.00</u>	<u>\$ 204,267.00</u>	<u>168,786.05</u>	<u>\$ 129,959.10</u>
Adjustments to reconcile to balance sheet				
Increase in beginning fund balance			(29,993.68)	
Transfers In			34,898.00	
Fund balance			<u>\$ 173,690.37</u>	



124 S. Main Street, Miami, Oklahoma 74354
22 South Adair, Pryor, Oklahoma 74361
918-542-4401

**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 Foyil
Foyil, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Foyil, State of Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Foyil, State of Oklahoma's basic financial statements, and have issued our report thereon, dated November 17, 2022.

Internal Control Over Financial Reporting

In planning, and performing our audit of the financial statements, we considered the Town of Foyil, State of Oklahoma's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Foyil, State of Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Foyil, State of Oklahoma's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Foyil, State of Oklahoma's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct, and material, effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance, or other matters, that are required to be reported under *Government Auditing Standards*.

Honorable Mayor and Members of the Town Council
Town of Foyil, Oklahoma
Page 2

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Ober & Littlefield, PLLC".

OBER & LITTLEFIELD, CPAS, PLLC
MIAMI, OKLAHOMA

November 17, 2022

A. Audit Findings – Current Year

There were no new audit findings during the current year.