

**SPERRY UTILITY SERVICES  
AUTHORITY**  
**(A Component Unit of the Town of Sperry, Oklahoma)**  
**Sperry, Oklahoma**

**FINANCIAL STATEMENTS &  
INDEPENDENT AUDITORS REPORT**

**For the Year Ended June 30, 2024**

**MICHAEL GREEN, CPA**  
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918.696.6298

**SPERRY UTILITY SERVICES AUTHORITY**  
**(A Component Unit of the Town of Sperry)**  
**SPERRY, OKLAHOMA**

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements	
Statement of Net Position- Proprietary Fund	3
Statement of Revenues, Expenses, and Changes in Net Position- Proprietary Fund	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
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	13

# **MICHAEL W. GREEN**

## **Certified Public Accountant**

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### **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
Sperry Utility Services Authority  
Sperry, Oklahoma

#### **Opinion**

I have audited the accompanying modified cash basis financial statements of the Sperry Utility Services Authority (the Authority), a component unit of the Town of Sperry, Oklahoma, as of and for the year ended June 30, 2024, and the related notes to the financial statements, as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the Authority, as of June 30, 2024, and the changes in its modified cash basis financial position and cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note C.

#### **Basis for Opinion**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Authority, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Emphasis of Matters**

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

Also, discussed in Note C, the financial statements present only the Sperry Utility Services Authority and do not purport to, and do not, present fairly the financial position of the Town of Sperry, Oklahoma, as of June 30, 2024, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with the modified cash basis of accounting. My opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

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

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 Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, 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 the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated February 10, 2025, on my consideration of the Authority's internal control over financial reporting and on my 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 my 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 Authority'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 Authority's internal control over financial reporting and compliance.

Regards



Michael Green, CPA  
Stilwell, Oklahoma  
February 10, 2025

**SPERRY UTILITY SERVICES AUTHORITY**  
**(A Component Unit of the Town of Sperry)**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2024**

	Sperry Utility Services Authority Enterprise Fund
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 632,474
Investments	74,060
Due from Town	2,545
Total current assets	<u>709,079</u>
Noncurrent assets	
Capital assets:	
Building & land	148,866
Equipment	149,910
Automotive equipment	200,436
Furniture & fixtures	5,791
Gas and water treatment & distribution system	2,603,665
Work In Process	72,812
Less accumulated depreciation	<u>(2,334,282)</u>
Total noncurrent assets	<u>847,198</u>
Total assets	<u><u>\$ 1,556,277</u></u>
<b>Liabilities</b>	
Current liabilities	
Unearned revenue	72,812
Current portion of long-term debt	28,557
Total current liabilities	<u>101,369</u>
Noncurrent liabilities	
Refundable deposits	130,417
Notes payable	115,231
Total noncurrent liabilities	<u>245,648</u>
Total liabilities	<u>347,017</u>
<b>Net position</b>	
Net investment in capital assets	703,410
Restricted for debt service	7,755
Unrestricted	498,095
Total net position	<u><u>\$ 1,209,260</u></u>

The accompanying notes and auditor's reports are an integral part of these financial statements.

**SPERRY UTILITY SERVICES AUTHORITY**  
**(A Component Unit of the Town of Sperry)**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET POSITION - PROPRIETARY FUND**  
**YEAR ENDED JUNE 30, 2024**

	Sperry Utility Services Authority <hr/> Enterprise Fund <hr/>
<b>Operating revenue</b>	
Charges for services:	
Gas	\$ 416,862
Water	394,419
Sewer	188,700
Trash	152,619
Penalties	13,099
Tap fees	7,050
Other	8,952
Total operating revenue	<hr/> 1,181,701
Operating expenses:	
Gas purchases	198,786
Water purchases	125,913
Trash services	113,826
Sewer services	26,304
Misc Expenses	35,112
Salaries	240,662
Payroll taxes	19,618
Repairs and maintenance	74,753
Contract labor	23,680
Auto expense	13,304
Utilities	20,010
Telephone	14,034
Office expense	17,152
Legal and accounting	11,640
Insurance	30,693
Depreciation	49,285
Total operating expenses	<hr/> 1,014,772
Net operating income (loss)	166,929
Nonoperating revenue (expense)	
Interest expense	(5,480)
Grant Income	71,734
Total nonoperating revenue (expense)	<hr/> 66,254
Net income (loss) before transfers	233,183
Operating transfers: In	94,191
Operating transfers: Out	(30,000)
Total Transfers	<hr/> 64,191
Net change in net position	297,374
Net position beginning of year	911,886
Net position end of year	<hr/> <hr/> \$ 1,209,260

The accompanying notes and auditor's reports are an integral part of these financial statements.

**SPERRY UTILITY SERVICES AUTHORITY**  
**(A Component Unit of the Town of Sperry)**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**YEAR ENDED JUNE 30, 2024**

	Sperry Utility Services Authority Enterprise Fund
<b>Cash flows from operating activities</b>	
Receipts from customers	\$ 1,195,631
Payments to suppliers	(705,207)
Payments to employees	(260,280)
Payments to other funds	(363)
Net cash provided (used) by operating activities	<u>229,781</u>
<b>Cash flows from capital and related financing activities</b>	
Purchase of capital assets	(236,033)
Proceeds from CWRSF	72,812
Proceeds from capital debt	57,325
Principal paid on capital debt	(23,049)
Interest paid on capital debt	(5,480)
Net cash provided (used) by capital and related financing activities	<u>(134,425)</u>
<b>Cash flows from investing activities</b>	
Transfers (net)	64,191
Change in Investment accounts	40,000
Grants Received	71,734
Net cash provided (used) by investing activities	<u>175,925</u>
Net increase (decrease) in cash and cash equivalents	271,281
Cash balance beginning of year	<u>361,193</u>
Cash balance end of year	<u><u>\$ 632,474</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>	
Operating income (loss)	\$ 166,929
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Cash flows reported in other categories:	
Depreciation expense	49,285
Change in assets and liabilities:	
Refundable deposits	13,930
Change in due to/due from	(363)
Net cash provided by operating activities	<u><u>\$ 229,781</u></u>
<b>Additional Cash Flow Information</b>	
Interest Paid	\$ 5,480

The accompanying notes and auditor's reports are an integral part of these financial statements.

SPERRY UTILITY SERVICES AUTHORITY  
(A Component Unit of the Town of Sperry)  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended June 30, 2024

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed in Note C., the Sperry Utility Services Authority (the “Authority”) are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

**A. FINANCIAL REPORTING ENTITY**

The Authority is a public trust created under a trust indenture dated October 12, 1970, for the use and benefit of the Town of Sperry, Oklahoma, under authority of and pursuant to the provisions of Title 60, Oklahoma Statutes 2003, Sections 176 to 180.3, inclusive as amended and supplemented, the Oklahoma Trust Act and other applicable statutes of the State of Oklahoma (collectively, the “Acts”).

The purpose of the trust is to institute, furnish, provide, distribute, and supply gaseous fuels, water, trash pickup services, garbage pickup services, and sewage treating and disposal services for the area of and around the Town of Sperry, Oklahoma. The trustees of the Authority include the five members of the Town Board and two Trustees appointed by the Town Board. The Town of Sperry is the beneficiary of the Trust.

The Authority is exempt from federal and state income taxes.

The Sperry Utility Services Authority is considered a component unit and major enterprise fund of the Town of Sperry, Oklahoma. In evaluating how to define the Authority, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic (but not the only) criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility included, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the Authority and/or its citizens, or whether the activity is conducted within the geographic boundaries of the Authority and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financial relationships, regardless of whether the Authority is able to exercise oversight responsibilities.

Based upon the application of these criteria, there are no potential component units included in the Authority’s reporting entity. However, the Sperry Utility Services Authority is considered a component unit and major enterprise fund of the Town of Sperry.

**B. FUNDS**

During fiscal year 2021 the Authority began billing and collecting fees for ambulance services on behalf of the County Corner Fire Department. The Authority evaluated its fiduciary responsibility as prescribed by GASB Statement No. 84 and found this activity meets the requirement for a Fiduciary Fund. However, the exception allowed in GASB Statement No. 84 paragraph 19 applies to these financial statements since the funds are not held for more than 90 days, therefore a separate Fiduciary Fund is not required.

**C. BASIS OF PRESENTATION**

The Sperry Utility Services Authority (the “Authority”) are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet



the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets, and liabilities resulting from cash transactions adjusted for certain modifications that have substantial support in generally accepted accounting principles. The Authority has chosen to include adjustments for the following balances arising from cash transactions:

- Capital assets and the depreciation of those assets, where applicable
- Long-term debt
- Unearned Revenue
- Cash based interfund receivables and payables
- Other cash-based receivables and payables
- Investments
- Utility deposit liabilities

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

As a result of the Authority's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and sick leave) and compensatory time earned but unpaid at year-end, and any employer-related costs earned and unpaid, are not reflected in the financial statements as liabilities, but are normally reported as a commitment disclosure.

#### **D. CASH AND INVESTMENTS**

For the purpose of financial reporting, "cash and cash equivalents" include all demand and savings accounts subject to withdrawal by check, and cash on hand, as cash and cash equivalents.

Investments classified in the financial statements consist entirely of certificates of deposit whose original maturity term exceeds three months. Investments are carried at amortized cost, which approximated fair value.

#### **E. PROPERTY AND EQUIPMENT**

All fixed assets are recorded at their original acquisition cost. Depreciation is provided in the financial statements utilizing the straight-line method over the estimated useful life.

#### **F. INTERFUND RECEIVABLES AND PAYABLES**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds."

#### **G. LONG-TERM LIABILITIES**

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets.

**H. COMPENSATED ABSENCES**

The Authority’s policies regarding vacation time permit employees to accumulate earned but unused vacation and sick leave. Vacation pay vests for full time employees, depending upon length of service, as follows:

1 - 4	years	80 hours
5 - 19	years	120 hours
20 - 30	years	160 hours
> 30	years	200 hours

Sick leave accrues for full time employees at 6 hours per month, although it is not vested. Employees may accrue a maximum of 72 hours per year, beginning upon completion of one full month of employment. When an employee resigns in good standing, one half of the accumulated sick pay is paid upon separation.

As a result of the Authority’s use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and sick leave) earned but unpaid at year-end are not reflected in the basic financial statements. The compensated absence commitment on June 30, 2024, is \$11,221.

**I. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the 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 (such as estimated useful lives in determining depreciation expense.) Accordingly, actual results could differ from those estimates.

**J. EQUITY CLASSIFICATION**

Net position is displayed in three components:

- a. *Invested 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.
- b. *Restricted fund balance* – consists of net assets with constraints placed on the use either by an external group such as creditors, grantors, contributors, or laws and regulation of other governments, or by law through constitutional provisions or enabling legislation.
- c. *Unrestricted fund balance* – all other net assets that do not meet the definition of “restricted” or “invested in capital assets.” The Authority applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**K. BUDGETARY DATA**

The Authority’s annual operating budget is prepared under the provisions of the Municipal Budget Act (the “New Budget Act”) as part of the Town of Sperry’s budget. The budget is prepared on the accrual basis of accounting.

**L. INVENTORIES**

The Authority does not place a value on any of its inventory for financial statement purposes; consequently, materials, supplies, and replacement parts are not included as assets, and the cost of these items has been charged against income as repairs and maintenance expense at the time of purchase. Expenditures for major renewals and betterments which extend the useful lives of property and equipment are capitalized.

**NOTE 2: DEPOSITS AND INVESTMENTS**

*Custodial Credit Risk* - Custodial credit risk related to deposits exists when the Authority holds deposits that are uninsured and uncollateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Authority’s name or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk

related to investments exists when the Authority holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Authority's name. As of June 30, 2024, the Authority had \$196,485 in unsecured deposits.

*Investment Credit Risk* - The Authority has no investment policy that limits its investments choices other than the limitation of state law as follows:

- a) Direct obligations of the U.S. Government, its agencies, or instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b) 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.
- c) With certain limitations, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper, and repurchase agreements with certain limitations.
- d) County, municipal, or school district tax-supported debt obligation, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, a municipality, or school district.
- e) 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 obligations of the National Mortgage Association.
- f) Money market funds regulated by the Securities and Exchange Commission and in which investments consist of the investments mentioned in the previous paragraphs a, b, c, d, and e.

*Investment Interest Rate Risk* – the Authority 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.

*Concentration of Credit Risk* – The Authority places no limit on the amount it may invest in any one issuer. Since the Authority has all investments in certificates of deposit, there is no concentration of investment credit risk exposure.

The deposits and investments held on June 30, 2024, are as follows:

Deposits and Investments at June 30, 2024:		Maturity	Credit	Market	
Asset Classification:		(Months)	Rating	Value	Cost
Cash		N/A	N/A	\$ 632,274	\$ 632,274
Investments		12	N/A	74,060	74,060
Total Deposits and Investments:				<u>\$ 706,334</u>	<u>\$ 706,334</u>

### NOTE 3: FIXED ASSETS

All fixed assets are recorded at their original acquisition cost. Depreciation is provided in the financial statements utilizing the following estimated useful lives:

	<u>Years</u>
Buildings and Improvements	20
Gas and Water Plant & Systems	5-24
Furniture and Fixtures	10
Equipment	5-10
Automotive	5-10

A summary of the fixed asset accounts for the year ended June 30, 2024, is as follows:

	Balance 6/30/2023	Additions	Deletions	Balance 6/30/2024
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 89,531	\$ -	\$ -	\$ 89,531
WIP	-	72,812	-	72,812
Total capital assets not being depreciated	89,531	72,812	-	162,343
Other capital assets:				
Building & Improvements	59,335	-	-	59,335
Equipment	84,871	65,039	-	149,910
Automotive	200,436	-	-	200,436
Furniture & Fixtures	5,791	-	-	5,791
Gas & Water Treatment	2,507,484	96,181	-	2,603,665
Total other capital assets at historical cost	2,857,917	161,220	-	3,019,137
Less accumulated depreciation for:				
Total accumulated depreciation	(2,284,997)	(49,285)	-	(2,334,282)
Other capital assets, net	572,920	111,935	-	684,855
Business-type activities capital assets, net	\$ 662,451	184,747	-	\$ 847,198

#### NOTE 4 LONG-TERM DEBT

On December 14, 2009, the Authority entered into a Clean Water SRF (State Revolving Fund) promissory note, with the Oklahoma Water Resources Board, for \$ 390,000, for wastewater system improvements. The loan is to be repaid in semi-annual installments for twenty years, at 2.58 % interest rate. The note is secured by a security agreement pledging the system's revenue. In accordance with the terms of the loan, \$ 120,432 of the loan was forgiven in a previous year. The total balance outstanding under the loan as of June 30, 2024, was \$ 95,066. The monthly payments are made to a debt service fund maintained by a trustee. Bancfirst serves as the trustee under the loan. The balance in the debt service account at June 30, 2024, was \$7,755.

On August 15, 2023, the Authority entered into an agreement with the Oklahoma Water Resources Board for a loan in the amount of \$302,000 from the Clean Water State Revolving Fund (the CWSRF) program for wastewater system improvements and/or water quality protection efforts to further compliance with State and Federal standards, and/or refinance existing indebtedness originally incurred for such purpose. Once all conditions of the project have been complete, the loan is expected to be forgiven; therefore, the income is shown as unearned revenue on the financial statements. The amount received as of June 30, 2024, was \$72,812.

On October 24, 2023, the Authority entered into a promissory note with Arvest Bank for the purchase of equipment in the amount of \$57,325. The note bears an interest rate of 6.3%. Monthly payments are \$1,357 for 48 months. As of June 30, 2024, the balance outstanding was \$ 48,722.

#### CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2024:

Type of Debt	Balance 6/30/2023	Additions	Reductions	Balance 6/30/2024	Amount Due Within One Year
Business-type Activities:					
Oklahoma Water Resources Board	\$ 109,512	\$ -	\$ (14,446)	\$ 95,066	\$ 14,958
Arvest Bank	-	57,325	(8,603)	48,722	13,599
Total Business-type Activities:	<u>\$ 109,512</u>	<u>\$ 57,325</u>	<u>\$ (23,049)</u>	<u>\$ 143,788</u>	<u>\$ 28,557</u>

#### DEBT SERVICE REQUIREMENTS

The annual debt service requirements to maturity, including principal and interest, for the long-term debt as of June 30, 2024, is as follows:

For the Year Ended	OWRB		ARVEST	
	\$390,000 Loan		\$57,325 Loan	
	Prin	Int	Prin	Int
2025	\$ 14,958	\$ 2,267	\$ 13,599	\$ 2,681
2026	15,348	1,876	14,481	1,799
2027	15,749	1,476	15,420	860
2028	16,160	1,064	5,222	68
2029	16,160	643	-	-
2030-2032	16,691	209	-	-
	<u>\$ 95,066</u>	<u>\$ 7,535</u>	<u>\$ 48,722</u>	<u>\$ 5,409</u>

#### **NOTE 5: LEASE AGREEMENTS**

On October 1, 1974, the Town of Sperry leased to the Authority its then existing and thereafter-acquired water, sewer and solid waste disposal systems for a term ending November 20, 1999, or until such date as all indebtedness incurred by the Authority has been paid or provisions for payment has been made. Also, on February 1, 1994, the Town of Sperry leased to the Authority its then existing and thereafter-acquired gas system for a term ending January 19, 2044, or until such date as all indebtedness payable from the revenues of the gas system has been paid or provision for payment has been made. Lease payments paid to the Town of Sperry for the year ended June 30, 2024, were \$30,000.

#### **NOTE 6: RETIREMENT PLAN**

Employees of the Authority have no retirement plan.

#### **NOTE 7: RESTRICTED NET ASSETS**

Net assets were restricted for debt service on June 30, 2024, were as follows:

	2024
OWRB Reserve	\$ 7,755

The OWRB Reserve is maintained by the Authority, in a separate interest-bearing account, as discussed in Note 4.

#### **NOTE 8: COMMITMENTS AND CONTINGENCIES**

In the normal course of operations, the Authority participates in various federal or state/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant of loan. Any liability of reimbursement that may

arise as a result of these audits cannot be reasonably determined at this time, although it is believed that amount, if any, would not be material.

The Authority was served an Order of Consent by the Oklahoma Department of Environmental Quality during the current fiscal year. The order is for the Authority's Sewer Treatment Facility. The Authority has engaged an engineer and is complying with the order. As of June 30, 2024, The Authority has paid \$7,500 in fines and \$72,812 in engineering and legal fees.

**NOTE 9: SUBSEQUENT EVENTS**

Subsequent events have been evaluated through the February 10, 2025, which is the date the financial statements were available to be issued.

# **MICHAEL W. GREEN**

## **Certified Public Accountant**

827 WEST LOCUST STREET

STILWELL, OK 74960

918-696-6298

### **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 Board of Trustees  
Sperry Utility Services Authority  
Sperry, 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 modified cash basis financial statements of the Sperry Utility Services Authority (the Authority), a component unit of the Town of Sperry, Oklahoma, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated February 10, 2025. My report included emphasis-of-matter paragraphs describing that the Authority's financial statements do not represent the financial position of the Town of Sperry and the financial statements are presented using the modified cash basis of accounting.

#### **Report on Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Authority'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 the Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Authority'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 Authority'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 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses or significant deficiencies. However, material weakness may exist that have not been identified.

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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 this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Regards,

A handwritten signature in black ink, appearing to read "Mike Green", with a stylized, cursive script.

Michael Green, CPA  
Stilwell, Oklahoma  
February 10, 2025