City of LONE GROVE, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2024

THE CITY OF LONE GROVE, OKLAHOMA

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CITY OF LONE GROVE, OKLAHOMA ANNUAL FINANCIAL REPORT As of and for the Year Ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the City Council City of Lone Grove, Oklahoma

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the businesstype activities, the aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the City of Lone Grove, Oklahoma, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Lone Grove, Oklahoma'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 modified cash basis 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 City of Lone Grove, Oklahoma, as of June 30, 2024, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note B.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Lone Grove, Oklahoma, 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.

Emphasis of Matter—Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note A, 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.

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 City of Lone Grove, Oklahoma'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 City of Lone Grove, Oklahoma'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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lone Grove, Oklahoma's basic financial statements. The accompanying Budgetary Comparison Schedule (Modified Cash Basis) – General Fund, Non Major Governmental Funds Combining Balance Sheet (Modified Cash Basis), Non Major Governmental Funds Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis), Schedule of Debt Service Requirements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Matters

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the management's discussion and analysis but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

Sund & Williams CFAS PC

In accordance with Government Auditing Standards, we have also issued our report dated February 10, 2025, on our consideration of the City of Lone Grove, Oklahoma'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 City of Lone Grove, Oklahoma'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 City of Lone Grove, Oklahoma's internal control over financial reporting and compliance.

Oklahoma City, Oklahoma

February 10, 2025

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The management of the City of Lone Grove is pleased to provide this annual financial report to its citizens, taxpayers and other report users to demonstrate its accountability and communicate the City's financial condition and activities as of and for the year ended June 30, 2024. Management of the City is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts. The City reports its financial statements and schedules on a modified cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles. All of the financial analysis in this report must be considered within the context of the limitations of the modified cash basis of accounting.

FINANCIAL HIGHLIGHTS

- As reported on a modified cash basis, the City's total net position increased by \$2,664,788, and the assets of the City exceed its liabilities at June 30, 2024, by \$12,530,382 (net position). Of this amount, \$2,397,547 (unrestricted net position) is available to meet the government's ongoing needs.
- At June 30, 2024, the City's governmental funds reported combined ending fund balances on a modified cash basis of \$2,359,497.
- At the end of fiscal year 2024, unassigned fund balance on a modified cash basis for the General Fund was \$210,870 or 14% of General Fund revenues.

ABOUT THE CITY

The City of Lone Grove is a charter city operating under a Council-Manager form of government authorized by the charter and Title 11 of the Oklahoma state statutes. The governing body of the City is the City Council comprised of five elected members. The appointed City Manager is the administrative head of the City.

The City provides typical municipal services such as public safety, streets, cemetery, culture and recreation, utility services including water, wastewater, and sanitation activities.

The City's Financial Reporting Entity

This annual report includes all activities for which the City Council is financially accountable. These activities, defined as the City's financial reporting entity, are operated within separate legal entities.

The City's financial reporting entity consists of the following separate legal entities.

- The City of Lone Grove that operates the public safety, streets, cemetery, culture and recreation, and administrative activities
- The Lone Grove Water Trust Authority (LGWTA) that operates the water, wastewater, and sanitation services of the City blended as a proprietary fund considered part of the primary government presentation for reporting purposes

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements of the reporting entity presented herein include all of the activities of the City of Lone Grove (the "City"), the Lone Grove Water Trust Authority (the "Authority"). Included in this report are government-wide statements for each of the two categories of activities - governmental and business-type.

The government-wide financial statements present the complete financial picture of the City as applicable to the modified cash basis of accounting. They present governmental and business-type activities separately and combined. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Reporting the City as a Whole

The Statement of Net Position and Statement of Activities

One of the most important questions to ask about the City's finances is, "Has the City's overall financial condition improved, declined or remained steady as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. You will need to consider other non-financial factors, however, such as changes in the City's sales tax base, the condition of the City's roads, and quality of service to assess the overall health of the City. You will also need to keep in mind that these government-wide statements are prepared in accordance with the modified cash basis of accounting and include only those City assets and liabilities resulting from cash transactions with selected modifications.

In the Statement of Net Position and the Statement of Activities, we divide the City's primary government into two kinds of activities: *Governmental activities* - Most of the City's basic services are reported here, including the police, fire, administration, and streets. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities; and *Business-type activities* - Activities where the City charges a fee to customers to help cover all or most of the cost of certain services it provides are reported here. The City's water, wastewater, and sanitation utilities are reported as business-type activities.

Reporting the City's Most Significant Funds - Fund Financial Statements

Fund Financial Statements

The fund financial statements provide detailed information about the City's most significant (major) funds -- not the City as a whole. Some funds are required to be established by State law and by debt covenants. However, the City Council may also establish certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City utilizes two kinds of funds – *governmental and proprietary*.

Governmental funds - All of the City'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. Governmental funds report their activities on a modified cash basis of accounting. For example, these funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances.

The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

Proprietary funds - When the City, through the Water Trust Authority, charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are also reported on the modified cash basis of accounting. The City's proprietary fund is the Lone Grove Water Trust Authority that accounts for the operation of the water, wastewater, and sanitation activities.

Notes to the Financial Statements

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 26-37 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents a Budgetary Comparison Schedules for the General Fund, a federal and state award schedule, combining and individual fund financial statements and schedules, and a debt service coverage schedule.

THE CITY AS A WHOLE

For the year ended June 30, 2024, net position on a modified cash basis for the governmental and business-type activities increased \$2,664,788.

Net Position (Modified Cash Basis) June 30, 2024

	vernmental Activities	siness-type Activities	 Total
Beginning net position	\$ 3,519,468	\$ 6,346,126	\$ 9,865,594
Change in net position Ending net position	\$ 340,159 3,859,627	\$ 2,324,629 8,670,755	\$ 2,664,788 12,530,382

A portion of the City's net position, \$10,132,835, represents resources that are invested in capital assets or are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$2,397,547, may be used to meet the government's ongoing needs.

Changes in Net Position (Modified Cash Basis) Year Ended June 30, 2024

	Govern	mental	Busine	s s-type			Total Percentage
	Activ	ities	Activ	vities	Tot	tal	Change
	2023	2022	2023	2022	2023	2022	
Revenues:							
Program revenues:							
Charges for Services	\$ 135,660	\$ 150,466	\$ 1,864,968	\$ 1,874,827	\$ 2,000,628	\$ 2,025,293	-1.2%
Operating Grants & Contributions	137,789	98,176	-	-	137,789	98,176	40.3%
Capital Grants & Contributions	-	-	2,689,569	-	2,689,569	-	-100.0%
General Revenues:							
Sales and Use Taxes	1,794,931	1,812,036	-	-	1,794,931	1,812,036	-0.9%
Other Taxes	207,480	227,498	-	-	207,480	227,498	-8.8%
Grants and contributions not restricted	-	-	-	523,867	-	523,867	-100.0%
Other General Revenues	109,004	46,144	61,348	8,854	170,352	54,998	209.7%
Total Revenues	2,384,864	2,334,320	4,615,885	2,407,548	7,000,749	4,741,868	47.6%
Program Expenses:							
General Government	\$ 538,820	\$ 495,711	_	_	538,820	495,711	8.7%
Public Safety	1,200,418	1,088,775	_	_	1,200,418	1,088,775	10.3%
Highways and Streets	386,446	435,104	_	_	386,446	435,104	-11.2%
Cemetery/Culture and Recreation	50,814	44,368	_	_	50,814	44,368	14.5%
Interest on Long-Term Debt	635	1,543	_	_	635	1,543	-58.8%
Water	-	-,	721,696	644,256	721,696	644,256	12.0%
Wastewater	_	_	926,031	920,589	926.031	920,589	0.6%
Sanitation	_	_	511,101	460,998	511,101	460,998	10.87%
Total Expenses	2,177,133	2,065,501	2,158,828	2,025,843	4,335,961	4,091,344	6.0%
Excess (Deficiency)	207,731	268,819	2,457,057	381,705	2,664,788	650,524	309.6%
Net Transfers In (Out)	132,428	(20,206)	(132,428)	20,206			
Change in Net Position	\$ 340,159	\$ 248,613	\$ 2,324,629	\$ 401,911	\$ 2,664,788	\$ 650,524	309.6%
Beginning Net Position	3,519,468	3,270,855	6,346,126	5,944,215	9,865,594	9,215,070	7.1%
Ending Net Position	\$3,859,627	\$3,519,468	\$ 8,670,755	\$ 6,346,126	\$12,530,382	\$ 9,865,594	27.0%

Governmental Activities

The City's governmental activities had an increase in net position of \$340,159. Sales and use taxes decreased slightly by \$17,105 over the amount received in the prior year while other revenues and expenses remained fairly consistent with the prior year, but still resulted in an overall increase in net position.

Business-type Activities

The City's business-type activities had an increase in net position of \$2,324,629. The increase is due primarily to receipt of a Department of Commerce Economic Adjustment Assistance capital grant of \$2.4 million for the City of Lone Grove Water Improvement Project in the current year. All expenses (water, wastewater, and sanitation) increased slightly by a total of \$132,985 due primarily to an increase in operating costs.

Net Revenue (Expense) of Governmental Activities (In Thousands)

		Expense rvices	% Inc. (Dec.)	Net Re (Expe of Se	ense)	% Inc. (Dec.)
	<u>2024</u>	2023		2024	2023	
General government	\$ 539	\$ 496	9%	\$ (402)	\$ (417)	-4%
Public safety	1,200	1,089	10%	(1,117)	(969)	15%
Highways and streets	386	435	-11%	(339)	(390)	-13%
Cemetery/Culture and recreation	51	44	16%	(45)	(39)	15%
Interest on long-term debt	1	2	-33%	(1)	(2)	-50%
Total	\$2,177	\$ 2,066	5%	\$(1,904)	\$(1,817)	5%

Net Revenue (Expense) of Business-Type Activities (In Thousands)

		Expense rvices	% Inc.	(Ехр	evenue ense) rvices	% Inc. Dec.
	<u>2024</u>	<u>2023</u>		<u>2024</u>	<u>2023</u>	
Water Wastewater	\$ 722 926	\$ 644 921	12% 1%	\$ 3,041 (658)	\$ 480 (640)	534% 3%
Sanitation	511	461	11%	13	81	-84%
Total	\$ 2,159	\$2,026	7%	\$ 2,396	\$ (79)	-3133%

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2024 fiscal year, the governmental funds reported a combined fund balance of \$2,359,497. For the year ended June 30, 2024, the General Fund's total fund balance decreased by \$148,895 to 1,032,419, or 68.1% of annual revenues.

Budgetary Highlights

For the year ended June 30, 2024, the General Fund reported actual budgetary basis revenues over final estimates by \$117,567 or a 7.9% positive variance. General Fund actual expenditures were under final appropriations by \$272,509 or a 13.5% positive variance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2024, the City had approximately \$17.5 million invested in capital assets, net of depreciation, including land, buildings, machinery and equipment, water and sewer systems, roads and bridges. This represents a net increase of approximately \$2,560,000 compared to last year.

Below are the details regarding the City's capital assets for the years ended June 30, 2024 and 2023.

Capital Assets (In Thousands) (Net of accumulated depreciation)

	Govern Acti	nmen ivities		Business-t	vpe A	Activities	To	otal	
	2024		2023	2024	•	2023	2024		2023
Land	\$ 548	\$	216	\$ 4	\$	4	\$ 552	\$	220
Buildings	503		496	235		234	738		730
Computers and electronics	264		240	95		94	359		334
Vehicles	1,248		1,205	416		375	1,664		1,580
Machinery and equipment	1,260		1,233	544		501	1,804		1,734
Infrastructure	1,839		1,796	29,592		28,819	31,431		30,615
Construction-in-progress	12		-	2,467		504	2,479		504
Totals	5,674		5,186	33,353		30,531	39,027		35,717
Less Accumulated Depreciation	(4,168)		(4,059)	(17,362)		(16,721)	(21,530)		(20,780)
Totals, Net	\$ 1,506	\$	1,127	\$ 15,991	\$	13,810	\$ 17,497	\$	14,937

This year's more significant capital asset additions include:

- New water tower project costs of \$1.5 million
- \$78,230 for street repairs
- \$59,009 for new police vehicle

Long-Term Debt

At year-end, the City had approximately \$8.8 million in long-term debt outstanding, which represents approximately a \$92,000 decrease from the prior year.

Long-Term Debt (In Thousands)

	Governi	mental A	ctivities	Bu	siness-type			Tot	al
	2024		2023	2024		2023	20	24	2023
Notes payable	\$	6 \$	43	8,	685	8,737		8,691	8,780
Due to depositors		-	_		94	97		94	97
Totals	\$	6 \$	43	\$ 8,	779 \$	8,834	\$	8,785	\$ 8,877

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

One of the primary responsibilities of City management is to prepare and submit to the City Council an annual budget for the upcoming year that is balanced, meets the needs and expectations of the City, and is appropriate to the economic conditions of the City.

This management is committed to the fiduciary responsibility that we have in managing public resources.

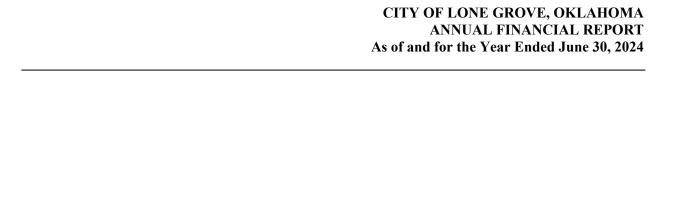
For FY 2024-2025 the City has budgeted for road materials totaling \$75,000, new computer software totaling \$100,000, and a financed purchase of a police unit in the amount of \$25,000.

For FY 2024-2025, the Water Trust and Sewer Authority has budgeted capital outlay totaling \$1,991,627 for a new water storage tower, water well, and water lines funded through an EDA grant, an Indian Health Services grant, OWRB funding, and a PREP grant.

The City is optimistic that the sales tax revenue will remain steady during FY 2024-2025 and have budgeted accordingly.

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's office at P.O. Box 304, Lone Grove, Oklahoma 73443 or telephone at 580-657-3111.



BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

Statement of Net Position (Modified Cash Basis) - June 30, 2024

	 F	Prima	ry Governmen	ıt	
	 vernmental Activities		siness-type Activities		Total
ASSETS					
Cash and Cash Equivalents	\$ 1,572,945	\$	1,222,598	\$	2,795,543
Investments	790,620		238,454		1,029,074
Internal Balances	1,531		(1,531)		-
Capital Assets:					
Land and construction in progress	560,032		2,470,842		3,030,874
Other capital assets, net of depreciation	945,769		13,520,276		14,466,045
Total Assets	3,870,897		17,450,639		21,321,536
LIABILITIES					
Due to other governmental agencies	3,146		_		3,146
Other payables	2,453		_		2,453
Long-term liabilities:	2,400				2,400
Due within one year	5,671		371,268		376,939
Due in more than one year	-		8,408,616		8,408,616
Total liabilities	 11,270		8,779,884	-	8,791,154
	 · ·				
NET POSITION					
Net investment in capital assets	1,500,130		7,305,627		8,805,757
Restricted via:					
State statute	45,002		-		45,002
Enabling legislation	1,282,076		-		1,282,076
Unrestricted	1,032,419		1,365,128		2,397,547
Total net assets	\$ 3,859,627	\$	8,670,755	\$	12,530,382

Statement of Activities (Modified Cash Basis) – Year Ended June 30, 2024

			Program Revenue)		evenue and Chang Primary Governme	ges in Net Position ent
Functions/Programs Primary government	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	<u>Total</u>
Governmental Activities General Government Public Safety Highways and Streets Cemetery/Culture and Recreation Interest on Long-term debt Total governmental activities	\$ 538,820 1,200,418 386,446 50,814 635 2,177,133	\$ 45,358 83,302 1,000 6,000 - 135,660	\$ 91,041 - 46,748 - - 137,789	\$ - - - -	\$ (402,421) (1,117,116) (338,698) (44,814) (635) (1,903,684)	\$ - - - - -	\$ (402,421) (1,117,116) (338,698) (44,814) (635) (1,903,684)
Business-type activities Water Wastewater Sanitation Total business-type activities Total primary government	721,696 926,031 511,101 2,158,828 4,335,961	1,073,528 267,422 524,018 1,864,968 2,000,628	137,789	2,689,569 - - 2,689,569 2,689,569	(1,903,684)	3,041,401 (658,609) 12,917 2,395,709 2,395,709	3,041,401 (658,609) 12,917 2,395,709 492,025
	Unrestricted inv Miscellaneous Transfers Total genera	I use tax es and public servicestment earnings al revenues and tran n net position inning			1,794,931 207,480 37,507 71,497 132,428 2,243,843 340,159 3,519,468 \$ 3,859,627	19,441 41,907 (132,428) (71,080) 2,324,629 6,346,126 \$ 8,670,755	1,794,931 207,480 56,948 113,404 2,172,763 2,664,788 9,865,594 \$ 12,530,382



R	٨	C	T	F	T	V	٨	N	J 🗸		\ 1	ſ	C	Т	7/	١,	Г	H	T	/	L	יוי	J	Т	C	_ (\boldsymbol{C}	1	17	H	T	21	V	T.	/	r	N	J٢	Г	٨	T	F	П	IN	JI	C

Governmental Funds Balance Sheet (Modified Cash Basis) – June 30, 2024

	Ge	neral Fund	•	cial Sales ax Fund		wer Sales ax Fund		Capital rovement Fund	Gov	Other ernmental Funds	Go	Total vernmental Funds
ASSETS Cash and cash equivalents	\$	687.244	\$	233,428	\$	500.284	\$	106,962	\$	45,027	\$	1,572,945
Investments	Ψ	349,218	Ψ	200,420	Ψ	441,402	Ψ	100,902	Ψ	45,027	Ψ	790,620
Due from other funds		1,556		_				_		_		1,556
Total assets		1,038,018		233,428	_	941,686		106,962		45,027		2,365,121
LIABILITIES AND FUND BALANCES												
Liabilities:												
Due to other funds		_		-		-		-		25		25
Payable to other governments		3,201		-		-		-		-		3,201
Other payables		2,398		-		-		-		-		2,398
Total liabilities		5,599		-		-		-		25		5,624
Fund balances:												
Restricted for:												
Streets		-		-		-		-		35,015		35,015
Cemetery		-		-		-		-		9,987		9,987
Capital improvements		-		126,566		941,686		106,962		-		1,175,214
Assigned to:												
Capital improvements		-		106,862		-		-		-		106,862
Senior citizens		62,201		-		-		-		-		62,201
Software and technology		130,481		-		-		-		-		130,481
Subsequent year's budget		628,867		-		-		-		-		628,867
Unassigned		210,870		-		-		-		-		210,870
Total fund balances		1,032,419		233,428		941,686		106,962	-	45,002		2,359,497
Total liabilities and fund balances	\$	1,038,018	\$	233,428	\$	941,686	\$	106,962	\$	45,027	\$	2,365,121

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance (Modified Cash Basis) – Year Ended June 30, 2024

	General Fund	Special Sales Tax Fund	Sewer Sales Tax Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds	
REVENUES							
Taxes	\$ 1,276,291	\$ 343,921	\$ 343,921	\$ -	\$ -	\$ 1,964,133	
Intergovernmental	55,649	9,994	-	-	46,748	112,391	
Licenses and permits	45,358	-	-	-	-	45,358	
Charges for services	6,250	11,440	-	-	750	18,440	
Fines and forfeitures	71,862	-	-	-	-	71,862	
Investment earnings	20,492	-	17,015	-	-	37,507	
Miscellaneous	41,065	94,108	-	-	-	135,173	
Total revenues	1,516,967	459,463	360,936		47,498	2,384,864	
EXPENDITURES Current:							
General Government	443,346	80,419	-	-	-	523,765	
Public Safety	997,630	113,390	-	-	-	1,111,020	
Highways and Streets	198,686	37,440	-	-	49,104	285,230	
Cemetery/Culture and Recreation	48,655	-	-	-	-	48,655	
Capital Outlay	57,545	196,787	82,459	46,800	889	384,480	
Debt Service:							
Principal	-	14,451	-	22,951	-	37,402	
Interest and other charges	-	347	-	288	-	635	
Total Expenditures	1,745,862	442,834	82,459	70,039	49,993	2,391,187	
Excess (deficiency) of revenues over							
expenditures	(228,895)	16,629	278,477	(70,039)	(2,495)	(6,323)	
OTHER FINANCING SOURCES (USES)							
Transfers in	80,000	_	-	96,154	-	176,154	
Transfers out	-	_	(200,500)	(45,000)	-	(245,500)	
Total other financing sources and uses	80,000		(200,500)	51,154		(69,346)	
	// /a as='	40.0		(40.07-)	(0.4)	/mm c	
Net change in fund balances	(148,895)	16,629	77,977	(18,885)	(2,495)	(75,669)	
Fund balances - beginning	1,181,314	216,799	863,709	125,847	47,497	2,435,166	
Fund balances - ending	\$ 1,032,419	\$ 233,428	\$ 941,686	\$ 106,962	\$ 45,002	\$ 2,359,497	

Reconciliations of Governmental Fund and Government-Wide Financial Statements (Modified Cash Basis) - Year Ended June 30, 2024

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position:

2,359,497 Total fund balance, governmental funds Amounts reported for governmental activities in the Statement of Net Position are different because: Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position 1,505,801 Some liabilities, (such as Notes Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position (5,671) Net Position of Governmental Activities in the Statement of Net Position 3,859,627

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of **Governmental Funds to the Statement of Activities:**

Net change in fund balances - total governmental funds:	\$	(75,669)
---	----	----------

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.

Capital asset purchases capitalized	544,471
Depreciation expense	(166,045)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Principal payments on long-term debt	37,402
Change in net position of governmental activities	\$ 340 159



BASIC FINANCIAL STATEMENTS – PROPRIETARY FUND

Proprietary Fund Statement of Net Position (Modified Cash Basis) – June 30, 2024

		Lone Grove Water Trust Authority			
ASSETS					
Current assets:					
Cash and cash equivalents	\$	992,977			
Investments		199,715			
Restricted:					
Cash and cash equivalents		229,621			
Investments		38,739			
Total current assets		1,461,052			
Non-current assets:					
Capital Assets:					
Land and construction in progress		2,470,842			
Other capital assets,net of accumulated depreciation		13,520,276			
Total non-current assets		15,991,118			
Total assets		17,452,170			
LIABILITIES Current Liabilities: Due to other funds Deposits subject to refund Notes payable Total current liabilities		1,531 9,439 361,829 372,799			
Non-current liabilities:					
Deposits subject to refund		84,954			
Notes payable		8,323,662			
Total non-current liabilities		8,408,616			
Total liabilities		8,781,415			
NET POSITION					
Net investment in capital assets		7,305,627			
Unrestricted		1,365,128			
Total net position	\$	8,670,755			

<u>Proprietary Fund Statement of Revenues, Expenses and Changes in Net Position (Modified Cash Basis) – Year Ended June 30, 2024</u>

	W	Lone Grove Water Trust Authority			
REVENUES					
Water	\$	940,881			
Wastewater		234,379			
Sanitation		459,270			
Penalties		93,560			
Miscellaneous		136,878			
Total operating revenues		1,864,968			
OPERATING EXPENSES					
Administration		288,035			
Water		419,563			
Wastewater		112,088			
Sanitation		430,169			
Depreciation		641,210			
Total Operating Expenses		1,891,065			
Operating income (loss)		(26,097)			
NON-OPERATING REVENUES (EXPENSES)					
Interest and investment revenue		19,441			
Miscellaneous revenue		41,907			
Debt service:		•			
Interest expense		(210,235)			
Total non-operating revenue (expenses)		(148,887)			
Income (loss) before contributions and transfers		(174,984)			
Capital contributions		71,731			
Capital contributions - grants		2,689,569			
Transfers in		245,500			
Transfers out		(507, 187)			
Change in net position		2,324,629			
Total net position - beginning		6,346,126			
Total net position - ending	\$	8,670,755			

Proprietary Fund Statement of Cash Flows (Modified Cash Basis) – Year Ended June 30, 2024

	W	one Grove ater Trust Authority
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$	1,906,875
Payments to suppliers		(837,213)
Payments to employees		(412,642)
Receipts of customer meter deposits		2,206
Refunds of customer meter deposits		(4,656)
Net cash provided by operating activities		654,570
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds		245,500
Transfers to other funds		(507, 187)
Net cash provided by (used in) noncapital financing activities		(261,687)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets		(2,750,834)
Proceeds from debt		288,800
Principal paid on debt		(340,640)
Capital contribution - grant		2,689,569
Interest and fiscal agent fees paid on debt		(210,235)
Net cash provided by (used in) capital and related financing activities		(323,340)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends		19,441
Net cash provided by investing activities		19,441
Net increase in cash and cash equivalents		88,984
Balances - beginning of year		1,133,614
Balances - end of year	\$	1,222,598
Reconciliation to Statement of Net Position:		
Cash and cash equivalents		992,977
Restricted cash and cash equivalents - current		229,621
Total cash and cash equivalents, end of year		1,222,598
Reconciliation of operating income to net cash provided by		
operating activities:		
Operating income (loss)	\$	(26,097)
Adjustments to reconcile operating income to net cash provided by Operating activities:		
Depreciation expense		641,210
Miscellaneous revenue		41,907
Change in assets and liabilities:		,
Deposits subject to refund		(2,450)
Net cash provided by operating activities	\$	654,570
		55 1,51 5
Noncash activities:	•	-
Contributed capital assets arising from cash transactions in governmental funds	\$	71,731
	\$	71,731



FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to Basic Financial Statements

A. Financial Reporting Entity

The City's financial reporting entity consists of the primary government (including one blended component unit) as follows.

- The City of Lone Grove that operates the public safety, streets, cemetery, culture and recreation, and administrative activities, governed by the City Council
- The Lone Grove Public Works Authority (LGWTA) that operates the water, wastewater, and sanitation services of the City governed by the City Council members as trustees

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Statement No. 14, *The Financial Reporting Entity*, as amended.

The component unit is a Public Trust established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. In addition, the City has leased certain existing assets at the creation for the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

B. Basis of Presentation and Accounting

Government-Wide Financial Statements:

The statement of net position and activities are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles. These modifications include adjustments for the following balances arising from cash transactions:

- cash-based interfund receivables and payables
- other cash-based receivables/payables
- investments
- utility deposit liabilities
- capital assets
- long-term debt

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.

Program revenues within the statement of activities are derived directly from each activity or from parties outside the City's taxpayers. The City has the following program revenues in each activity:

- General government: License and permits and operating grants
- Public safety: Fine revenue and operating grants
- Highways and streets: Gas excise taxes and commercial vehicle taxes
- Cemetery/Culture and recreation: Cemetery lot sales

Business-type activities are also reported on a modified cash basis.

Governmental Funds:

The City's governmental funds are comprised of the following:

Major Funds:

- General Fund accounts for all activities not accounted for in other special-purpose funds.
- Special Sales Tax Fund a capital project fund that accounts for a one-cent sales tax to be used for capital improvements
- Sewer Sales Tax Fund a capital project fund that accounts for a one-cent sales tax to be used for sewer capital improvements
- Capital Improvement Fund a capital project fund that accounts for a \$5 charge on all utility bills to be used for capital improvements

Non-Major Funds (Reported as Other Governmental Funds):

Special Revenue Funds:

• Street & Alley Fund - accounts for commercial vehicle and gas excise tax to be used for street expenditures

Capital Project Fund:

• Cemetery Care Fund - accounts for 12.5 percent of cemetery revenue restricted by State law for cemetery capital improvements

The governmental funds are reported on a modified cash basis of accounting. Only current financial assets and liabilities resulting from cash transactions are included on the fund balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. These fund financial statements use fund balance as their measure of available spendable financial resources at the end of the period.

Proprietary Fund:

The City's proprietary fund is comprised of the following:

Enterprise Fund:

• Lone Grove Water Trust Authority – accounts for the operation of the water, wastewater, and sanitation activities.

The proprietary fund is also reported on a modified cash basis.

For purposes of the statement of revenues, expenses and changes in fund net position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

C. Cash, Cash Equivalents, and Investments

Cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three-months or less, and money market accounts. Investments consist of long-term certificates of deposits and are reported at cost.

For the year ended June 30, 2024, the City recognized \$15,675 of investment income. All the City's deposits are in demand and short-term time deposits.

At June 30, 2024, the primary government held the following deposits and investments:

	Carrying
Primary Government	<u>Value</u>
Deposits:	
Petty cash	\$ 400
Demand deposits	2,795,143
Time deposits - certificates of deposit	1,029,074_
Total Deposits and Investments	\$ 3,824,617
Reconciliation to Statement of Net Position:	
Cash and cash equivalents	\$ 2,795,543
Investments	1,029,074
	\$ 3,824,617

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government deposits may not be returned to it. The City is governed by the State Public Deposit Act which requires that the City obtain and hold collateral whose fair value exceeds the amount of uninsured deposits. Investment securities are exposed to custody credit risk if the securities are uninsured, are not registered in the name of the government, and if held by either a counterparty or a counterparty's trust, department or agent, but not in the government's name.

At June 30, 2024, the City was not exposed to custodial credit risk.

Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City has no investment policy that limits investments based on maturity. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments, where applicable.

At June 30, 2024, the City's investments with maturity dates were limited to time deposits that were not exposed to interest rate risk.

Investment Credit Risk

The City has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investments in: (1) full faith and credit, direct obligations of the U. S. Government, its agencies and instrumentalities, and the State of Oklahoma and certain mortgage insured federal debt; (2) certificates of deposit or savings accounts that are either insured or secured with acceptable collateral; (3) negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations; (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; and government money market funds regulated by the SEC. These investment limitations do not apply to the City's public trusts.

As of June 30, 2024, all of the City's deposits are in demand and short-term time deposits and therefore was not exposed to investment credit risk as defined above.

Concentration of Investment Credit Risk

Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City has no investment policy regarding concentration of credit risk.

At June 30, 2024, the City had no concentration of credit risk as defined above.

Restricted Cash and Investments – The amounts reported as restricted assets on the proprietary fund statement of net position are comprised of amounts restricted for utility deposits and debt service. The restricted assets as of June 30, 2024 are as follows:

	(Current		
	Cash	and Cash	(Current
Type of Restricted Assets	<u>Eq</u>	Investments		
Utility Deposits	\$	83,311	\$	38,739
2013 OWRB Trust Account		146,310		-
Total Restricted Assets	\$	229,621	\$	38,739

D. Capital Assets and Depreciation

Capital assets consist of land, construction in progress, buildings, improvements, machinery and equipment, computer equipment, and infrastructure. Capital assets are recorded at actual or estimated historical cost. Capital assets are defined by the City as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

•	Buildings	50 years
•	Building Improvements	20 years
•	Infrastructure	50 years
•	System infrastructure	30 years

CITY OF LONE GROVE, OKLAHOMA ANNUAL FINANCIAL REPORT As of and for the Year Ended June 30, 2024

Vehicles, office and computer equipment
 Machinery and equipment
 10 years

Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset. Depreciation expense has been allocated as follows:

Governmental Activities:		Business-Type Activ	rities:	
General government	\$ 15,055	Water	\$	132,196
Public safety	85,400	Sewer		509,015
Highways and streets	63,431			
Cemetery/Culture and recreation	2,159			
	\$ 166,045		\$	641,211

For the year ended June 30, 2024, capital asset balances changed as follows:

	Balance at						Balance at		
	Ju	ly 1, 2023	Α	dditions	Г	Disposals	June 30, 2024		
Governmental activities:			_		_				
Capital assets not being depreciated:									
Land	\$	216,499	\$	331,033	\$	-	\$	547,532	
Construction in progress		-		12,500		-		12,500	
Total capital assets not being depreciated		216,499		343,533		-		560,032	
Other capital assets:									
Buildings		496,047		6,880		-		502,927	
Computers and electronics		240,229		23,639		-		263,868	
Vehicles		1,204,316		77,009		33,000		1,248,325	
Machinery and equipment		1,233,175		50,639		23,439		1,260,375	
Infrastructure		1,795,974		42,768		-		1,838,742	
Total other capital assets at historical cost		4,969,741		200,935		56,439		5,114,237	
Less accumulated depreciation for:			_						
Buildings		313,000		15,353		-		328,353	
Computers and electronics		188,086		10,665		-		198,751	
Vehicles		1,104,183		49,002		33,000		1,120,185	
Machinery and equipment		1,038,364		50,980		23,439		1,065,905	
Infrastructure		1,415,229		40,045				1,455,274	
Total accumulated depreciation		4,058,862	_	166,045	_	56,439		4,168,468	
Other capital assets, net		910,879		34,890			-	945,769	
Governmental activities capital assets, net	\$	1,127,378	\$	378,423	\$		\$	1,505,801	
Business-type activities: Capital assets not being depreciated:		2.002	•					2 002	
Land	\$	3,893	\$	-	\$	741.046	\$	3,893	
Construction in progress		504,085		2,704,710	_	741,846		2,466,949	
Total capital assets not being depreciated		507,978	_	2,704,710		741,846		2,470,842	
Other capital assets:									
Buildings		233,805		1,322		-		235,127	
Computers and electronics		94,105		1,096		-		95,201	
Vehicles		375,398		41,086		-		416,484	
Machinery and equipment		500,875		43,271		-		544,146	
Infrastructure		28,818,827		772,927				29,591,754	
Total other capital assets at historical cost		30,023,010		859,702				30,882,712	
Less accumulated depreciation for:									
Buildings		156,607		6,614		-		163,221	
Computers and electronics		74,636		5,068		-		79,704	
Vehicles		228,443		24,324		-		252,767	
Machinery and equipment		329,577		43,076		-		372,653	
Infrastructure		15,931,962		562,129		-		16,494,091	
Total accumulated depreciation		16,721,225		641,211		-		17,362,436	
Other capital assets, net		13,301,785		218,491		-		13,520,276	
Business-type activities capital assets, net	\$	13,809,763		2,923,201	\$	741,846	\$	15,991,118	

E. 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 of notes payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for the proprietary fund is the same in the fund financial statements as it is in the government-wide statements.

For the year-ended June 30, 2024 the reporting entity's long-term debt changed as follows:

Type of Debt	Balance ly 1, 2023	<u>A</u>	dditions	De	ductions	Balance ne 30, 2024	Amount Due Within One Year	
Governmental Activities:								
Notes Payable - Direct Borrowing	\$ 43,073	\$	-	\$	37,402	\$ 5,671	\$	5,671
Business-Type Activities:								
Note Payable-Direct Borrowing	8,737,331		288,800		340,640	8,685,491		361,829
Deposits Subject to Refund	 96,843		2,206		4,656	 94,393		9,439
Total Business-Type Activities	\$ 8,834,174	\$	291,006	\$	345,296	\$ 8,779,884	\$	371,268

Governmental Activities long-term debt:

Note Payable – Direct Borrowing:

3	3,723
	1,948
\$	5,671
\$	5,671
	\$ \$ \$

Long-term debt service requirements to maturity are as follows:

Governmental Activities

Year Ended	Notes Payable-Direct Borrowing				
June 30,	<u>Pr</u>	incipal	<u>Interest</u>		
2025	\$	5,671	\$	22	
Total	\$	5,671	\$	22	

Business-Type Activities long-term debt:

Note Payable – Direct Borrowing:

2013 CWSRF Note Payable to Oklahoma Water Resources Board dated January 31, 2013 original amount of \$11,755,000 with an annual interest rate of 2.37% due in semi-annual installments of principal and interest beginning September 15, 2014, final installment due March 15, 2044, payable from and secured by utility revenues. In the event of default, the lender may: 1) file suit to require any or all of the borrower covenants to be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint tempory trustees to take over, operate, and maintain the System on a profitable basis and ensure the payment of principal, interest, and administrative fees; or 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the note indenture.

\$ 8,312,431

2022 note payable to American Nation Bank dated October 17, 2022, original amount of \$110,977 with an annual interest rate of 4%, due in monthly installments beginning November 17, 2022, final installment due November 17, 2032. In the event of default, the collateralized equipment will be returned to lender.

95,517

2024 note payable to First National Bank dated October 17, 2022, original amount of \$288,800 with an annual interest rate of 5.25%, due in monthly installments beginning December 15, 2023, final installment due July 15, 2028. In the event of default, the collateralized equipment will be returned to lender.

277,543

Total Notes Payable	\$ 8,685,491
Current portion	361,829
Noncurrent portion	8,323,662
Total Notes Payable	\$ 8,685,491

Deposits Subject to Refund:

Current portion	9,439
Noncurrent portion	84,954
Total Refundable Grant Obligation	\$ 94,393

Long-term debt service requirements to maturity are as follows:

Business-Type Activities

Year Ended June 30,	Notes Payable-D Principal		Interest		
2025	\$	361,829	\$	214,870	
2026		370,804		205,896	
2027		380,667		196,033	
2028		390,338		186,361	
2029		549,027		167,649	
2030-2034		1,982,390		692,719	
2035-2039		2,186,483		443,503	
2040-2044		2,463,953		166,033	
Total	\$	8,685,491	\$	2,273,064	

F. Compensated Absences

As a result of the use of the modified cash basis of accounting, as described in Note B., liabilities related to accrued compensated absences are not recorded in the financial statements. Expenditures/expenses related to compensated absences are recorded when paid. The amount of accrued compensated absences for accumulated, unpaid compensatory time that would be due to employees upon termination is as follows:

•	General Fund	\$30,700
•	LGWTA	\$11,803

G. Fund Balances and Net Position

Net Position:

Net position reported in the government-wide and proprietary fund financial statements is displayed in three components:

- a. Net investment in capital assets Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the amount of outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net position Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position All other net position that does not meet the definition of "restricted".

It is the City's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available. *Governmental Fund Statements:*

CITY OF LONE GROVE, OKLAHOMA ANNUAL FINANCIAL REPORT As of and for the Year Ended June 30, 2024

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

- a. Nonspendable includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. Committed included amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city's highest level of decision-making authority. The City's highest level of decision-making authority is made by ordinance.
- d. Assigned includes amounts that are constrained by the city's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through budgetary process.
- e. Unassigned represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

It is the City's policy to first use restricted fund balance prior to the use of the unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City's policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

H. Sales Tax Revenue

Sales tax revenue represents a 4 cent local tax on each dollar of taxable sales within the City. Two cents of the sales tax is received and recorded in the General Fund. One cent is received and recorded in the Special Sales Tax Fund and is to be used for capital improvements. The final cent is received and recorded in the Sewer Sales Tax Fund to be used for development and maintenance of the sewer system.

I. Property Tax Levy

The City presently levies no property tax. In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the City.

J. Internal and Interfund Balances and Transfers

The City's policy is to eliminate interfund transfers and balances in the statement of activities and net position to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances then offset in the total column in the government-wide statements. Internal transfers and balances between funds are not eliminated in the fund financial statements.

Internal balances between funds and legal entities for the year ended June 30, 2024, were as follows:

Due From	Due To		Amount		Nature of Balance		
General Fund	Lone Grove Water Trust		\$	1,531	telephone franchise t	fees correction	
General Fund	General Fund - Use Tax Accoun	ount25_			to correct tax revenue balances		
Total			\$	1,556			
Reconciliation to Fund Financial Statements:	Due From		D	ue To	Net Internal	Balances	
Governmental Funds	\$ 1,5:	6	\$	(25)	\$	1,531	
Proprietary Funds				(1,531)		(1,531)	
Total	\$ 1,5:	6	\$	(1,556)	\$	-	

Internal transfers between funds and activities for the year ended June 30, 2024, were as follows:

Transfer From	Trans	<u>fer To</u>	<u></u>	Amount	Nature of Transfer		
Sewer Sales Tax Fund General Fund Capital Improvement Fund Lone Grove Water Trust	Lone (Lone Grove Water Trust Lone Grove Water Trust Lone Grove Water Trust Capital Improvement Fund		200,500 80,000 45,000 96,154 421,654	Sales tax pledge for debt service Operational subsidy Capital improvement fees Capital assets		
Reconciliation:							
	Tra	nsfers In	Tra	nsfers Out	No	et Transfers	
Governmental Funds	\$	176,154	\$	(245,500)	\$	(69,346)	
Proprietary Funds		245,500		(507,187)		(261,687)	
Total	\$	421,654	\$	(752,687)	\$	(331,033)	
Reconciliation to Statement	of Activit	ies:					
					No	et Transfers	
Net Transfers					\$	(261,687)	
Business-type activities from go	overnmenta	al funds				129,259	
Total Transfers - Internal A	ctivity				\$	(132,428)	

K. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The City manages these various risks of loss by participating in the Oklahoma Municipal Assurance Group risk entity pool and the State of Oklahoma Risk Management Division for coverage. Management believes such insurance coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

L. Pension Plan Participation

The City of Lone Grove participates in three pension or retirement plans:

- 1. Oklahoma Firefighter's Pension and Retirement System (OFPRS) a statewide cost-sharing plan
- 2. Oklahoma Municipal Retirement System Master Defined Contribution Plan an agent multipleemployer defined contribution plan
- 3. Oklahoma Municipal Retirement System CMO Defined Contribution Plan

OFPRS:

Plan Summary Information. The City of Lone Grove, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Firefighter's Pension and Retirement System (OFPRS). The OFPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the City must participate in the plan if they employ full-time or volunteer firefighters.

Funding Policy. The paid firefighter contributes 9% to the plan, while the City is required by state law to contribute 14% per year per firefighter to the statewide plan. The City's obligation to fund the plan extends only to making the statutorily required contributions. Contributions for paid firefighters for the year ended June 30, 2024 were \$28,495. OFPRS plan members that are volunteer firefighters are not required to contribute to the plan. The City is required by state law to contribute \$60 per year for each volunteer firefighter. Contributions for volunteers for the year ended June 30, 2024 totaled \$1,160. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OFPRS, 6601 Broadway Extension, Suite 100, Oklahoma City, OK 73116.

OkMRF Defined Contribution Plan:

Plan Summary Information. Effective, October 1, 2015, the City has provided a defined contribution plan and trust available to the employees of the City of Lone Grove. The trust is in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OkMRF). The plan is available for all eligible employees except the City Manager and those covered by the Firefighter Pension System. Administration of the City's individual plan rests with the City Council. The overall operations of OkMRF are supervised by a nine-member Council of Trustees elected by the participating municipalities. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate six months after hire date.

Funding Policy. Employees participating in the Plan are required to contribute 2%. The amount the City, as employer, is required to contribute varies from year to year. The City contributions for each employee (and interest allocated to the employee's account) are vested at incremental percentages beginning after one year of service and are 100% vested after five years of service. The authority to establish and amend the provisions of the plan rests with the City Council. For the year ended June 30, 2024, employer contributions to the plan were \$34,675, and employee contributions to the plan were \$15,365.

OkMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 1001 N.W. 63rd Street, Suite 260, Oklahoma City, Oklahoma, 73116.

OkMRF CMO Plan:

Plan Summary Information. Effective, October 1, 2015, the City has also provided a defined contribution plan and trust available to the City Manager of the City of Lone Grove. The trust is in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OkMRF). Administration of the City's individual plan rests with the City Council. The overall operations of OkMRF are supervised by a nine-member Council of Trustees elected by the participating municipalities. Benefits depend solely on amounts contributed to the plan plus investment earnings. The City Manager is eligible to participate immediately upon hire.

Funding Policy. The City Manager is allowed to make voluntary contributions to the plan. The City, as employer, is required to contribute 8% of covered payroll to the plan. The City contributions for the City Manager (and interest allocated to the employee's account) are immediately 100% vested. The authority to establish and amend the provisions of the plan rests with the City Council. For the year ended June 30, 2024, employer contributions to the plan were \$6,906, and there were no employee contributions.

OkMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 1001 N.W. 63rd Street, Suite 260, Oklahoma City, Oklahoma, 73116.

M. Commitments and Contingencies

Litigation:

The City is party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City "Sinking Fund" for the payment of any court assessed judgment rendered against the City. These statutory provisions do not apply to the City's public trust Authorities. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

Federal and State Award Programs:

The City of Lone Grove participates in various federal or state grant/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 or loan. The City has not been notified of any noncompliance with federal or state award requirements.



SUPPLEMENTARY AND OTHER INFORMATION

Budgetary Comparison Schedules (Modified Cash Basis) – Year Ended June 30, 2024

	General Fund							
							Var	iance with
							Fina	ıl Budget -
						ial Amounts,	_	<u>Positive</u>
		Budgeted	l Amo		Bud	getary Basis	<u>(N</u>	legative)
		<u>Original</u>		<u>Final</u>				
Beginning Budgetary Fund Balance	\$	790,000	\$	790,000	\$	1,181,314	\$	391,314
Resources (Inflows):								
Taxes		1,167,000		1,167,000		1,276,291		109,291
Intergovernmental		49,000		49,000		55,649		6,649
Licenses and Permits		25,850		25,850		45,358		19,508
Charges for services		3,600		3,600		6,250		2,650
Fines and forfeitures		78,200		78,200		71,862		(6,338)
Investment earnings		12,000		12,000		20,492		8,492
Miscellaneous		23,750		23,750		41,065		17,315
Other Financing Sources - Transfers In		120,000		120,000		80,000		(40,000)
Total Resources	_	1,479,400		1,479,400		1,596,967		117,567
Amount available for appropriation		2,269,400		2,269,400		2,778,281		508,881
Charges to Appropriations (Outflows): Departmental:								
General Government		522,900		522,900		450,019		72,881
Public Safety		1,133,833		1,137,833		1,005,734		132,099
Highways and Streets		304,958		304,958		241,454		63,504
Cemetery/Culture and Recreation		52,680		52,680		48,655		4,025
Total Charges to Appropriations	_	2,014,371		2,018,371		1,745,862		272,509
Ending Budgetary Fund Balance	\$	255,029	\$	251,029	\$	1,032,419	\$	781,390

Footnotes to Budgetary Comparison Schedules:

- **1.** The budgetary comparison schedules are reported on the same modified cash basis as governmental funds within the basic financial statements.
- **2.** The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require the City Manager's approval, while supplemental appropriations require City Council approval.

NonMajor Governmental Funds Combining Balance Sheet (Modified Cash Basis) – June 30, 2024

	Special Revenue Fund		Capital Project Fund Cemetery Care Fund			
	Street & Alley Fund				Total Other Governmenta Funds	
ASSETS						
Cash and cash equivalents	\$	35,015	\$	10,012	\$	45,027
Total assets		35,015		10,012		45,027
LIABILITIES AND FUND BALANCES Liabilities: Due to other funds Total liabilities		<u>-</u>		25 25		25 25
Fund balances:						
Restricted for:						
Streets		35,015		-		35,015
Cemetery		-		9,987		9,987
Total fund balances		35,015		9,987		45,002
Total liabilities and fund balances	\$	35,015	\$	10,012	\$	45,027

NonMajor Governmental Funds Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) – Year Ended June 30, 2024

	Special Revenue Fund	Capital Project Fund	
	Street & Alley Fund	Cemetery Care Fund	Total-Other Governmental Funds
REVENUES Intergovernmental	\$ 46,748	3 \$ -	\$ 46,748
Charges for services	-	- 750	750
Total revenues	46,748	750	47,498
EXPENDITURES Current:			
Highways and streets	49,104	-	49,104
Capital Outlay	889	-	889
Total Expenditures	49,993		49,993
Net change in fund balances	(3,245	5) 750	(2,495)
Fund balances - beginning	38,260	9,237	47,497
Fund balances - ending	\$ 35,015	\$ 9,987	\$ 45,002

Schedule of Expenditures of State Awards (Modified Cash Basis) – Year Ended June 30, 2024

SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Agency or	Pr	ogram or		
Federal/State Grantor/Pass through agency	Pass Thru		Award	Contract Expenditures	
Grantor/Program Title	Number	1	Amount		
STATE AWARDS:					
OKLAHOMA DEPARTMENT OF AGRICULTURE:					
Operational Fire Grant	N/A	\$	9,994 \$	9,994	
OKLAHOMA OFFICE OF ATTORNEY GENERAL:					
2023 Safe OK	N/A		10,000	9,010	
OKLAHOMA DEPARTMENT OF COMMERCE:					
Progressing Rural Economic Prosperity (PREP) Grant	N/A		442,162	442,162	
SOUTHERN OKLAHOMA DEVELOPMENT ASSOCIATION:					
23 REAP	23-003		75,000	5,324	
24 REAP	24-022		54,762	54,762	
Subtotal REAP			129,762	60,086	
Community Expansion for Nutrition Assistance	008 CENA 24		16,300	16,300	
Community Expansion for Nutrition Assistance - Supplemental	008-S CENA 24		1,071	1,071	
Subtotal Community Expansion for Nutrition Assistance			17,371	17,371	
Total Southern Oklahoma Development Association		\$	147,133 \$	77,457	
TOTAL STATE AWARDS		\$	609,289 \$	538,623	

Schedule of Debt Service Coverage Requirements - Year Ended June 30, 2024

	2013 CWSRF Promissory Note to OWRB
GROSS REVENUE AVAILABLE:	Tromassory Note to OWKD
Pledged operating revenues (water, sewer and sanitation)	\$1,634,530
Investment income	19,441
Sales tax appropriated and transferred from the City General Fund	200,500
Total Gross Revenue Available	1,854,471
OPERATING EXPENDITURES:	
Total Operating Expenditures	917,682
Net Revenue Available for Debt Service	\$936,789
Maximum Annual Debt Service	\$525,997
Computed Coverage	178%
Coverage Requirement	125%

CITY OF LONE GROVE, OKLAHOMA	
ANNUAL FINANCIAL REPORT	
As of and for the Year Ended June 30, 2024	

SINGLE AUDIT AND INTERNAL CONTROL AND COMPLIANCE

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Russell and Williams CPAs, PC

Casey J. Russell, C.P.A., M.B.A. Autumn L. Williams, C.P.A., Esq. Member AICPA & OSCPA

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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 City Council City of Lone Grove, 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Lone Grove, Oklahoma, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City of Lone Grove, Oklahoma's basic financial statements, and have issued our report thereon dated February 10, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Lone Grove, 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 City of Lone Grove, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Lone Grove, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Lone Grove, Oklahoma's financial statements are free from 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*.

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.

Oklahoma City, Oklahoma

Sund & William CPA PC

February 10, 2025

Russell & Williams CPAs, PC

Casey J. Russell, C.P.A., M.B.A. Autumn L. Williams, C.P.A., Esq. Eric J. Russell, CPA, Esq. Member AICPA & OSCPA

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the City Council City of Lone Grove, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Lone Grove, Oklahoma's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Lone Grove, Oklahoma's major federal programs for the year ended June 30, 2024. City of Lone Grove, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Lone Grove, Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Lone Grove, Oklahoma and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Lone Grove, Oklahoma's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Lone Grove, Oklahoma's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Lone Grove, Oklahoma's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate,

it would influence the judgment made by a reasonable user of the report on compliance about City of Lone Grove, Oklahoma's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Lone Grove, Oklahoma's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Lone Grove, Oklahoma's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Lone Grove, Oklahoma's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Oklahoma City, Oklahoma

Servell + Williams CPAs PC

February 10, 2025

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FIS CAL YEAR ENDED JUNE 30, 2024

Federal/State Grantor/Pass through agency Grantor/Program Title	Federal AL Number	Agency or Pass Thru Number	rogram or Award Amount	Ex	Federal penditures
FEDERAL ASSISTANCE:					
U.S. DEPARTMENT OF TREASURY:					
American Rescue Plan Act - Tranche #1	21.027	ARPA	\$ 447,205	\$	58,756
American Rescue Plan Act - Tranche #2	21.027	ARPA	2,133		2,133
American Rescue Plan Act - Tranche #3	21.027	ARPA	 449,312		31,542
Subtotal 21.027			 898,650		92,431
Chickasaw Nation ARPA	21.019	SLT0465	 336,733		121,324
Total U.S. Department of Treasury			\$ 1,235,383	\$	213,755
U.S. DEPARTMENT OF COMMERCE:					
Economic Adjustment Assistance	11.307	08-79-05603	\$ 2,400,000	\$	1,821,265
TOTAL FEDERAL ASSISTANCE			\$ 3,635,383	\$	2,035,020

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Lone Grove, Oklahoma (the "City") under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The City has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF LONE GROVE, OKLAHOMA SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2024

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements		
Type of auditor's report issued		Unmodified
Internal Control over Financial Reporting:		
Material Weakensses Identified?		XNo
Significant Deficiencies Identified?	······································	XNone Reported
Noncomplaince Material to Financial Stateme		XNo
Federal Awards		
Internal Control Over Major Federal Programs		
Material Weaknesses Identiried		XNo
Significant Deficiencies Identified?		XNone Reported
Гуре of Auditor's Report Issued on Noncompli	iance	
for Major Federal Programs:	Unmodified	d
Any Audit Findings Disclosed That are Requie		
Reported in Accordance with 2 CFR 200.516		XNo
Identification of Major Federal Programs:		
or Manjor 1 euclin 1 logi umb	CFDA	Name of Federal Progam or
_	Numbers	
	11.307	Economic Assistance Adjustment
Dollar Threshold Used to Distinguish Between	l	
Type A and Type B Programs		750,000
Auditee Qualifed as Low-Risk Auditee?		XNo
SECTION II - FINANCIAL FINDINGS		
Compliance Findings		
None		

Internal Control Findings

None

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Compliance Findins

None

Internal Control Findings

None