

**City of Thomas, Oklahoma**

**Annual Financial Statements and  
Accompanying Independent Auditor's Report**

**Year Ended June 30, 2023**



**City of Thomas, Oklahoma**  
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**For the Year Ended June 30, 2023**

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**City of Thomas, Oklahoma  
Principal Officials  
June 30, 2023**

**COUNCIL MEMBERS**

Mayor	Jeff Gose
Member	Kyle King
Member	Ron Smith
Member	Andrew Thomas
Member	Deborah Dyck

**TREASURER**  
Kelly London

**ENCUMBRANCE / MINUTE CLERK**  
Taffy Rigsby

## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Thomas, Oklahoma

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Thomas, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Thomas, 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 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 Thomas, Oklahoma, as of June 30, 2023, 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 1A.

#### ***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 Thomas, 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 1A 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 1A, 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 City of Thomas, Oklahoma's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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 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*, 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 Thomas, 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 Thomas, 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 Thomas, Oklahoma's basic financial statements. The Schedule of Cash Flows-Sewer Lagoon, Schedule of Net Assets-TEDA, Statement of Revenues, Expenses & Changes in Fund Net Assets-TEDA, and Statement of Cash Flows-TEDA financial statement is presented for purposes of additional analysis and is 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 by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the Schedule of Cash Flows-Sewer Lagoon, Schedule of Net Assets-TEDA, Statement of Revenues, Expenses & Changes in Fund Net Assets-TEDA, and Statement of Cash Flows-TEDA financial statement is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

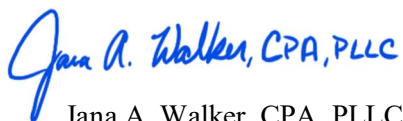
### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison schedules 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***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2024, on our consideration of the City of Thomas, 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 Thomas, 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 Thomas, Oklahoma's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Jana A. Walker, CPA, PLLC". The signature is stylized with a large, flowing 'J' and 'W'.

Jana A. Walker, CPA, PLLC  
Woodward, Oklahoma  
November 4, 2024

**CITY OF THOMAS, OKLAHOMA**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**June 30, 2023**

	Discretely Presented Component Units				
	Governmental Activities	Business-Type Activities	Total	Airport Authority	Economic Development Authority
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 856,622	\$ 67,619	\$ 924,241	\$ 472,706	\$ 115,442
Investments, including time deposits	288,252	32,620	320,872	-	-
Account receivable	-	-	-	-	-
Note receivable, current	-	-	-	-	180,463
Capital lease receivable, current	-	-	-	-	112,495
Other receivable	6,750	-	6,750	-	-
Total current assets	\$ 1,151,624	\$ 100,239	\$ 1,251,863	\$ 472,706	\$ 408,400
Restricted assets:					
Cash and cash equivalents	\$ 112,865	\$ 112,416	\$ 225,281	\$ -	\$ -
Investments, including time deposits	-	25,443	25,443	-	-
Total restricted assets	\$ 112,865	\$ 137,859	\$ 250,724	\$ -	\$ -
Noncurrent assets:					
Land and construction in progress	\$ 440,943	\$ 454,033	\$ 894,976	\$ -	\$ -
Other capital assets, net of accumulated depreciation	1,285,064	4,186,996	5,472,060	2,608,676	-
Intangibles	-	165,792	165,792	-	-
Assets held for economic development	-	-	-	-	100,265
Note receivable, net of current	-	-	-	-	1,808,655
Capital lease receivable, net of current	-	-	-	-	1,059,150
Total noncurrent assets	\$ 1,726,007	\$ 4,806,821	\$ 6,532,828	\$ 2,608,676	\$ 2,968,070
TOTAL ASSETS	\$ 2,990,496	\$ 5,044,919	\$ 8,035,415	\$ 3,081,382	\$ 3,376,470
LIABILITIES					
Current liabilities:					
Other payable	\$ 704	\$ 2,096	\$ 2,800	\$ -	\$ -
Deferred revenue	-	-	-	-	-
Payroll taxes payable	4,456	5,480	9,936	-	-
Bonds and notes payable, current	-	52,837	52,837	-	102,226
Total current liabilities	\$ 5,160	\$ 60,413	\$ 65,573	\$ -	\$ 102,226
Liabilities payable from restricted assets:					
Meter deposits payable	\$ -	\$ 55,035	\$ 55,035	\$ -	\$ -
Total liabilities payable from restricted assets	\$ -	\$ 55,035	\$ 55,035	\$ -	\$ -
Noncurrent liabilities:					
Bonds and notes payable, net of current	\$ -	\$ 2,529,188	\$ 2,529,188	\$ 425,304	\$ 969,073
Total noncurrent liabilities	\$ -	\$ 2,529,188	\$ 2,529,188	\$ 425,304	\$ 969,073
TOTAL LIABILITIES	\$ 5,160	\$ 2,644,636	\$ 2,649,796	\$ 425,304	\$ 1,071,299
NET POSITION					
Net investment in capital assets	\$ 1,726,007	\$ 2,223,046	\$ 3,949,053	\$ 2,183,372	\$ 2,189,729
Restricted	112,865	82,825	195,690	-	-
Unrestricted	1,146,464	94,412	1,240,876	472,706	115,442
TOTAL NET POSITION	\$ 2,985,336	\$ 2,400,283	\$ 5,385,619	\$ 2,656,078	\$ 2,305,171

**CITY OF THOMAS, OKLAHOMA**  
**STATEMENT OF ACTIVITIES**  
**MODIFIED CASH BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government:					
General government	\$ 389,847	\$ 750	\$ 2,500	\$ 187,004	\$ (199,593)
Public safety and judiciary:					
Police	\$ 99,096	\$ 4,009	\$ -	\$ -	\$ (95,087)
Fire	98,844	-	65,811	-	(33,033)
Judge fees	2,100	-	-	-	(2,100)
Ambulance	-	-	-	-	-
Emergency management	14,750	-	-	-	(14,750)
Total public safety and judiciary	\$ 214,790	\$ 4,009	\$ 65,811	\$ -	\$ (144,970)
Transportation:					
Streets	\$ 32,867	\$ -	\$ -	\$ -	\$ (32,867)
Airport	-	-	-	-	-
Total transportation	\$ 32,867	\$ -	\$ -	\$ -	\$ (32,867)
Cultural, parks and recreation:					
Pool, parks, etc.	\$ 81,396	\$ 8,881	\$ -	\$ -	\$ (72,515)
Total cultural, parks and recreation	\$ 81,396	\$ 8,881	\$ -	\$ -	\$ (72,515)
Total governmental activities	\$ 718,900	\$ 13,640	\$ 68,311	\$ 187,004	\$ (449,945)
Business-type activities:					
Utility services:					
Water	\$ 287,803	\$ 299,960	\$ -	\$ 140,322	\$ 152,479
Sewer	275,198	212,013	-	-	(63,185)
Sanitation	301,214	173,860	-	-	(127,354)
Ambulance	19	20	-	-	1
Customer Service	91,871	-	-	-	(91,871)
Total business-type activities	\$ 956,105	\$ 685,852	\$ -	\$ 140,322	\$ (129,931)
Total primary government	\$ 1,675,005	\$ 699,492	\$ 68,311	\$ 327,326	\$ (579,876)
Component Units					
Airport Authority	\$ 142,220	\$ 13,524	\$ -	\$ -	\$ (128,696)
Economic Development Authority	71,205	121,422	-	-	50,217
Total component units	\$ 213,425	\$ 134,946	\$ -	\$ -	\$ (78,479)



**CITY OF THOMAS, OKLAHOMA  
STATEMENT OF ACTIVITIES  
MODIFIED CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Change in Net Position:	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-type Activities	Total	Airport Authority	Economic Development Authority
Net (expense)/revenue	\$ (449,945)	\$ (129,931)	\$ (579,876)	\$ (128,696)	\$ 50,217
General revenues:					
Taxes:					
Sales tax	\$ 790,076	\$ -	\$ 790,076	\$ -	\$ -
Alcohol beverage tax	12,788	-	12,788	-	-
Cigarette tax	5,448	-	5,448	-	-
Franchise tax fees	46,782	-	46,782	-	-
Gas excise tax	2,772	-	2,772	-	-
Motor vehicle tax	7,421	-	7,421	-	-
Use tax	161,219	-	161,219	-	-
Economic development fee	8,932	-	8,932	-	-
Licenses, permits, and fees	2,345	-	2,345	-	-
Rental income	22,000	18,670	40,670	1,700	-
Investment income	8,683	3,442	12,125	-	2,042
Insurance proceeds	-	-	-	-	-
Oil royalty	13,413	4,000	17,413	82,280	-
Penalties	-	13,333	13,333	-	-
Gain (loss) on disposition of capital assets	-	-	-	-	2,000
Bond fees	-	-	-	-	-
Miscellaneous	6,056	715	6,771	-	1,047
Transfers - Other governments, net	(223,819)	48,264	(175,555)	-	175,555
Total general revenues and transfers	\$ 864,116	\$ 88,424	\$ 952,540	\$ 83,980	\$ 180,644
<b>Change in net position</b>	<b>\$ 414,171</b>	<b>\$ (41,507)</b>	<b>\$ 372,664</b>	<b>\$ (44,716)</b>	<b>\$ 230,861</b>
<b>Net position - beginning</b>	<b>2,571,165</b>	<b>2,441,790</b>	<b>5,012,955</b>	<b>2,700,794</b>	<b>2,074,310</b>
<b>Net position - ending</b>	<b>\$ 2,985,336</b>	<b>\$ 2,400,283</b>	<b>\$ 5,385,619</b>	<b>\$ 2,656,078</b>	<b>\$ 2,305,171</b>

**CITY OF THOMAS, OKLAHOMA**  
**BALANCE SHEET - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**June 30, 2023**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 856,622	\$ 112,865	\$ 969,487
Investments, including time deposits	288,252	-	288,252
Other receivable	6,750	-	6,750
<b>TOTAL ASSETS</b>	<b>\$ 1,151,624</b>	<b>\$ 112,865</b>	<b>\$ 1,264,489</b>
<b>LIABILITIES</b>			
Other payable	\$ 704	\$ -	\$ 704
Deferred revenue	-	-	-
Payroll taxes payable	4,456	-	4,456
<b>TOTAL LIABILITIES</b>	<b>\$ 5,160</b>	<b>\$ -</b>	<b>\$ 5,160</b>
<b>FUND BALANCES</b>			
Restricted	\$ -	\$ 112,865	\$ 112,865
Committed	-	-	-
Assigned	-	-	-
Unassigned	1,146,464	-	1,146,464
<b>TOTAL FUND BALANCES</b>	<b>\$ 1,146,464</b>	<b>\$ 112,865</b>	<b>\$ 1,259,329</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,151,624</b>	<b>\$ 112,865</b>	<b>\$ 1,264,489</b>
Total fund balance - total governmental funds			\$ 1,259,329
Land and capital assets, net of accumulated depreciation, are not financial resources and, therefore, are not reported in the funds.			
Land and construction in progress			\$ 440,943
Capital assets, net of accumulated depreciation			1,285,064
Long-term portion of liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			-
Net position of governmental activities			<u><u>\$ 2,985,336</u></u>

**CITY OF THOMAS, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b><u>REVENUES</u></b>			
Taxes:			
Sales tax	\$ 790,076	\$ -	\$ 790,076
Alcohol beverage tax	12,788	-	12,788
Cigarette tax	5,448	-	5,448
Franchise tax fees	46,782	-	46,782
Gas excise tax	-	2,772	2,772
Motor vehicle tax	-	7,421	7,421
Use tax	161,219	-	161,219
Economic development fee	8,932	-	8,932
Fire department services	-	-	-
Fines and forfeitures	4,009	-	4,009
Licenses, permits, and fees	2,345	-	2,345
Rental	22,000	-	22,000
Grant	252,815	2,500	255,315
Investment	8,091	592	8,683
Donations	-	-	-
Swimming pool	8,881	-	8,881
Insurance proceeds	-	-	-
Oil royalty	13,413	-	13,413
Mowing	750	-	750
Miscellaneous	3,676	2,380	6,056
Total revenues	\$ 1,341,225	\$ 15,665	\$ 1,356,890
<b><u>EXPENDITURES</u></b>			
Current:			
General government	\$ 353,302	\$ 4,242	\$ 357,544
Public safety and judiciary:			
Police	\$ 76,026	\$ 200	\$ 76,226
Fire	48,530	-	48,530
Judge fees	2,100	-	2,100
Ambulance	-	-	-
Emergency management	4,170	-	4,170
Total public safety and judiciary	\$ 130,826	\$ 200	\$ 131,026
Transportation:			
Streets	\$ -	\$ 15,857	\$ 15,857
Airport	-	-	-
Total transportation	\$ -	\$ 15,857	\$ 15,857
Cultural, parks and recreation:			
Pool, parks, etc.	\$ 41,445	\$ 230	\$ 41,675
Total cultural, parks and recreation	\$ 41,445	\$ 230	\$ 41,675
Capital outlay	\$ 216,921	\$ 24,645	\$ 241,566
Total expenditures	\$ 742,494	\$ 45,174	\$ 787,668
Excess (deficiency) of revenues over expenditures	\$ 598,731	\$ (29,509)	\$ 569,222
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers in	\$ 57,346	\$ 97,778	\$ 155,124
Transfers out	(378,943)	-	(378,943)
Proceeds from sale of capital assets	-	-	-
Total other financing sources (uses)	\$ (321,597)	\$ 97,778	\$ (223,819)
Net change in fund balances	\$ 277,134	\$ 68,269	\$ 345,403
Fund balances - beginning	869,330	44,596	913,926
Fund balances - ending	\$ 1,146,464	\$ 112,865	\$ 1,259,329

**CITY OF THOMAS, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Reconciliation of the change in fund balances - total governmental funds  
to the change in net position of governmental activities:

Net change in fund balances - total governmental funds	\$ 345,403
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Amounts reported for governmental activities in the Statement of Activities are  
different because:

Governmental funds report capital outlays as expenditures. However, in the  
statement of activities, the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense.

Capital asset purchases capitalized	241,566
Depreciation expense	(172,798)

In the statement of activities, only the *gain (loss)* on the sale of capital assets is  
reported, whereas in the governmental funds, the proceeds from the sale  
increase financial resources. Thus, the change in assets differs from the  
change in fund balance by the cost of the assets sold.

	-
Change in Net Position of Governmental Activities	\$ 414,171

**CITY OF THOMAS, OKLAHOMA**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**June 30, 2023**

	<b>Business-Type Activities Public Works Authority</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 67,619
Investments, including time deposits	32,620
Other receivable	-
Total current assets	<u>\$ 100,239</u>
Restricted assets:	
Cash and cash equivalents	\$ 112,416
Investments, including time deposits	25,443
Total restricted assets	<u>\$ 137,859</u>
Noncurrent assets:	
Land and construction in progress	\$ 454,033
Other capital assets, net of accumulated depreciation	4,186,996
Intangibles	165,792
Total noncurrent assets	<u>\$ 4,806,821</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,044,919</u>
<b>LIABILITIES</b>	
Current liabilities:	
Other payable	\$ 2,096
Payroll taxes payable	5,480
Bonds and notes payable, current	52,837
Total current liabilities	<u>\$ 60,413</u>
Liabilities payable from restricted assets:	
Meter deposits payable	\$ 55,035
Total liabilities payable from restricted assets	<u>\$ 55,035</u>
Noncurrent liabilities:	
Bonds and notes payable, net of current	\$ 2,529,188
Total noncurrent liabilities	<u>\$ 2,529,188</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 2,644,636</u>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 2,223,046
Restricted	82,825
Unrestricted	<u>94,412</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 2,400,283</u></u>

**CITY OF THOMAS, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -**  
**MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>Business-Type Activities</b>
	<b>Public Works Authority</b>
<b><u>Operating revenues:</u></b>	
Charges for services:	
Water	\$ 297,225
Sewer	210,798
Sanitation	172,645
Late penalties	13,333
Other	1,540
Miscellaneous	4,359
Rental/lease income	18,670
Oil royalty	4,000
	<hr/>
Total operating revenues	\$ 722,570
	<hr/>
<b><u>Operating expenses:</u></b>	
Sanitation	\$ 134,401
Administration/General	446,042
Depreciation	303,885
Capital outlay	-
	<hr/>
Total operating expenses	\$ 884,328
	<hr/>
Operating income (loss)	\$ (161,758)
	<hr/>
<b><u>Non-operating revenues (expenses):</u></b>	
Investment income	\$ 3,442
Grant income	140,322
Contributions	-
Sale of assets	-
Interest income (expense)	(71,777)
	<hr/>
Total non-operating revenues (expenses)	\$ 71,987
	<hr/>
<b>Net income (loss) before contributions and transfers</b>	\$ (89,771)
	<hr/>
Capital contributions	\$ -
Transfers in	105,610
Transfers out	(57,346)
	<hr/>
<b>Change in net position</b>	\$ (41,507)
	<hr/>
Net position - beginning of year	2,441,790
	<hr/>
Net position - end of year	\$ 2,400,283
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**CITY OF THOMAS, OKLAHOMA**  
**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<b>Business-type Activities</b>
	<b>Public Works Authority</b>
<b><u>Cash flows from operating activities:</u></b>	
Receipts from customers	\$ 699,900
Receipts from rental/lease activities	22,670
Payments to suppliers	(360,195)
Payments to employees	(171,611)
Payments for taxes, duties, fines, and other fees or penalties	(13,880)
Other operating cash payments	(34,979)
Other operating cash receipts	-
<b>Net cash provided (used) by operating activities</b>	<b>\$ 141,905</b>
<b><u>Cash flows from noncapital financing activities:</u></b>	
Transfers (to) from other funds	
Receipts of customer utility deposits	6,568
Refunds of customer utility deposits	(6,873)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>\$ (305)</b>
<b><u>Cash flows from capital and related financing activities:</u></b>	
Purchase of capital assets	\$ (289,383)
Purchase of intangible assets	
Sale of assets	
Proceeds from capital debt	
Grant revenue	140,322
Contributions	
Principal paid on capital debt	(51,403)
Interest paid on capital debt	(71,777)
Loans for community development	
Repayment of community development loans	
Cash outlay for economic development	
Transfers (to) from other funds	48,265
<b>Net cash provided (used) by capital and related financing activities</b>	<b>\$ (223,976)</b>
<b><u>Cash flows from investing activities:</u></b>	
Interest and dividends	\$ 2,793
Purchase of investments	
<b>Net cash provided (used) by investing activities</b>	<b>\$ 2,793</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>\$ (79,583)</b>
<b>Cash and cash equivalents, July 1, 2022</b>	<b>259,619</b>
<b>Cash and cash equivalents, June 30, 2023</b>	<b>\$ 180,036</b>
<b><u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</u></b>	
Operating income (loss)	\$ (161,758)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:	
Depreciation expense	303,885
Amortization expense	
Change in assets and liabilities:	
Other payable	
Payroll taxes payable	(222)
<b>Net cash provided (used) by operating activities</b>	<b>\$ 141,905</b>

**CITY OF THOMAS, OKLAHOMA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. The Reporting Entity**

The City, for financial purposes, includes all of the funds and account groups relevant to the operation of the City of Thomas. The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City. The financial statements presented herein do not include agencies which have been formed under applicable state law or separate and distinct units of government apart from the City of Thomas.

Due to restrictions of the state constitution relating to the issuance of municipal debt, public trusts are created to finance City services with revenue bonds or other non-general obligation financing and provide for multi-year contracting. Financing services provided by these public trusts are solely for the benefit of the City. Public trusts created to provide financing services are blended into the City's primary government as an integral part of City operations although retaining separate legal identity. Component units that do not meet the criteria for blending are reported discretely.

In evaluating how to define the City of Thomas 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) Statement No. 14, *The Financial Reporting Entity*. 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 include, 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 City and/or its citizens, or whether the activity is conducted within the geographic boundaries of the City 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 financing relationships, regardless of whether the City is able to exercise oversight responsibilities.



Component units may be presented as either a blended component unit or a discretely presented component unit. A blended component unit is a separate legal entity that meets the component unit criteria. In addition, the blended component unit's governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. The component unit's funds are blended into those of the City by appropriate fund type to constitute the primary government presentation. A discretely presented component unit is a separate legal entity that meets the component unit criteria but does not meet the criteria for blending.

Based on the foregoing criteria, the City has presented the Thomas Public Works Authority as a blended component unit in the basic financial statements. The Thomas Public Works Authority was created to finance, develop, and operate the water, wastewater, and solid waste activities of the City. The City Council serves as the trustees of the Authority. Operations of the Public Works Authority are reported as an Enterprise Fund and do not issue separately audited component unit financial statements.

Secondly, based on the foregoing criteria, the Thomas Economic Development Authority qualifies as a discretely presented component unit. The Thomas Economic Development Authority was created to promote and encourage development of industry and commerce and other related activities on behalf of the City. Trustees are appointed by the Mayor and confirmed by the Board of Trustees and may be removed at will by the Board of Trustees. The City assumes no responsibility for the Economic Development Authority's day-to-day operations and the Authority's Trustees are responsible for management contracts. In addition, the City has no obligation for the debt of the Authority. The City feels that financial accountability does exist between the City and Economic Development Authority.

Thirdly, based on the foregoing criteria, the City has presented the Thomas Airport Authority as a discretely presented component unit. The Thomas Airport Authority was created to plan, establish, develop, construct, enlarge, improve, maintain, equip, operate, regulate, and provide and acquire financing for the Thomas Airport and air navigation facilities. Trustees are appointed by the Mayor and City Council of the City of Thomas. Trustees may be removed from office for cause. The beneficiary of the Trust is the City of Thomas, Oklahoma.

## **B. Basis of Presentation**

### ***Government-Wide Financial Statements***

The government-wide financial statements include the statement of net position and statement of activities which display information about the reporting government as a whole. The statements distinguish between governmental and business-type activities. Individual funds are not displayed by the statements. The statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

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

### ***Fund Financial Statements***

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The City presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

## Governmental Funds

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds) and the acquisition or construction of general fixed assets (capital project funds).

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

Special Revenue Funds – Special revenue funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. The reporting entity includes the following special revenue funds that are reported as nonmajor funds: Street and Alley Fund, Police Department Fund, Emergency Management Fund, Fire Department Fund, Beautification Account Fund, Senior Citizens Fund, and Street Capital Improvement Fund.

Capital Project Funds – Capital project funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items. The reporting entity includes the following capital project funds that are reported as nonmajor funds: CENA Grant Fund and the FAA Grant Fund.

For governmental fund types, where restricted resources are available for appropriation, the City appropriates restricted resources to the extent available prior to utilizing unrestricted resources.

## Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (Enterprise Funds) or to other departments or agencies primarily within the City (Internal Service Funds). The City presently has no internal service funds. For all business-type activities and enterprise funds the City applies FASB pronouncements issued after November 30, 1989.

Enterprise Fund – Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the Public Works Authority, which is reported as a major fund.

### **C. Measurement Focus and Basis of Accounting**

The financial statements of the City are presented using a modified cash basis of accounting. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses as a result of cash transactions.

The government-wide statements report using the economic resources measurements focus and the modified cash basis of accounting. Proprietary and fiduciary fund financial statements and financial statements of the City's component units also report using the same focus and basis of accounting.

Governmental fund financial statements are reported using current financial resources measurement focus and the modified cash basis of accounting.

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

### **D. Budgets and Budgetary Accounting**

The city is required by state law to prepare an annual budget. The mayor submits an annual budget to the City Council in accordance with the Oklahoma Municipal Budget Act. The budget is presented to the council for review and public hearings are held to address priorities and the allocation of resources. In June, the council adopts the annual fiscal year budget. This budget is prepared in accordance with the modified cash basis of accounting. Budgeted expenditures may not exceed total appropriations for the fund. The mayor is authorized to transfer any unexpended and unencumbered appropriations from one line item to another or one department to another within a fund, without further approval by the City Council. All supplemental appropriations or decrease in the total appropriation of a fund shall be adopted at a meeting of the City Council and filed with the State Auditor and Inspector.

The legal level of control is by department within the fund. Expenditures may not exceed appropriations at this level. The City considers all appropriations to lapse at year-end.

#### **E. Assets, Liabilities, and Equity**

**Cash and Cash Equivalents** – Cash and cash equivalents consist of cash on hand, demand deposit accounts, and interest-bearing checking accounts.

**Notes Receivable** – All notes receivable arising from cash transactions that are to be repaid from third parties are reported as assets.

**Investments** – Investments consist of certificates of deposit or direct obligations of the United States Government and Agencies with maturities greater than three months. All investments are recorded at cost, which approximates market value.

**Capital Assets** – The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether reported in the government-wide or fund financial statements.

#### ***Government-Wide Statements***

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost, if actual is unavailable, except for donated fixed assets which are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capitalization decisions will be made based on the recommendation of the consulting accounting firm. Management established a capitalization limit of \$1,500.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Proprietary fund and similar component unit fixed assets are recorded in the respective funds or component units and depreciated using the straight-line method. When proprietary fund fixed assets are disposed, the cost and applicable accumulated depreciation is removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	40 years
Land Improvements	20 years
Leasehold Improvements	20 years
Machinery and Equipment	5-20 years
Water, Sewer, and Drainage Systems	20 years
Furniture and Fixtures	5-10 years

### ***Fund Financial Statements***

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**Payroll Taxes Payable** – The City recognizes a liability for any taxes that have been withheld from employee’s earnings but that have not been paid at year-end.

**Long and Short-term Debt** – In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as a liability.

**Meter Deposits Payable** – The City recognizes a liability for the amount of meter deposits that are due to customers.

### **Equity Classifications**

#### ***Governmental Fund Balances***

The Governmental Accounting Standards Board (GASB) has issued *Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

#### **Nonspendable**

Fund balance associated with inventories, prepaids, long-term loans and notes receivable, property held for resale (unless the proceeds are restricted, committed, or assigned),

#### **Restricted**

Fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

**Committed**

Fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council, the City's highest level of decision-making authority,

**Assigned**

Fund balance classification is intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

**Unassigned**

Fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

***Net Position***

Both proprietary fund financial statements and government-wide financial statements report net position. Net investment in capital assets and legally restricted amounts are separated from unrestricted net position.

**Net investment in capital assets**

The amount restricted 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 improvement of those assets.

**Restricted net position**

Amounts reported as restricted consist of net position with constraints placed on their 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.

**Unrestricted net position**

This consists of net position that does not meet the criteria of "restricted" or "net investment in capital assets."

**F. Revenues, Expenditures, and Expenses**

Revenues consist of the money derived from within the boundaries of the City or from parties outside the City's taxpayers and are available to the City for its use.

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. Also included are all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

### **G. Interfund Transactions**

Interfund transactions are either loans or transfers. Loans are reported as receivables and payables, as appropriate, while interfund transactions are presented as transfers. There were no loans during fiscal year 2023. The General Fund transferred \$175,555 to the Thomas Economic Development Authority for sales tax collected, \$87,778 to the Street Capital Improvement Fund for sales tax collected, \$10,000 to the Street & Alley Fund to supplement cash flow, and \$105,610 to the Thomas Public Works Authority for funds received from the American Rescue Plan Act. The Thomas Public Works Authority transferred \$57,346 to the General Fund for funds received from the American Rescue Plan Act.

### **H. Use of Estimates**

The preparation of financial statements in conformity with the other comprehensive basis of accounting used by the City requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

### **I. Allowance for Doubtful Accounts**

There is not an allowance for doubtful accounts receivable or notes receivable. In the estimation of the City, based on historical trends, all receivables shown on the financial statements will be collectible.

## **Note 2. DEPOSIT AND INVESTMENT RISK MANAGEMENT**

In accordance with Title 62, Section 516.3 of the Oklahoma statutes, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral which includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations or surety bonds. All financial institutions pledging collateral to the City must have a written collateral agreement approved. The City's time, savings and demand deposits as of June 30, 2023, were completely insured or collateralized by federal deposit insurance, direct obligations of the United States Government, or securities held by the City or by its agent in the City's name.

Time and savings deposits – The City's time and savings deposits at June 30, 2023 are categorized to give an indication of the level of risk assumed by the City at year-end. The City's time deposits consist of certificates of deposit. It should be noted that the FDIC defines savings deposits as including all interest-bearing checking accounts.



Demand deposits – The City’s demand deposits consist of non-interest- bearing checking accounts at June 30, 2023 and are categorized to give an indication of the level of risk assumed by the City at year-end.

#### Deposit Categories of Credit Risk

- (A) Insured by Federal Deposit Insurance
- (B) Collateralized with securities held by the pledging financial institution’s trust department or agent in the City’s name
- (C) Uncollateralized

	Category			Bank Balance or Cost
	A	B	C	
Time & savings deposits	\$ 704,080	\$ 882,001	\$ -	\$ 1,586,081
Demand deposits	275,198	222,706	-	497,904
Total	\$ 979,278	\$1,104,707	\$ -	\$ 2,083,985

#### Schedule of deposits and investments by Type - June 30, 2023 (Modified Cash Basis)

	Carrying Value	Maturity Date
Deposits:		
Demand deposits - non-interest-bearing	\$ 497,880	N/A
Demand deposits - interest-bearing	1,232,461	N/A
Savings deposits	7,306	N/A
Time deposit	111,222	3/09/2024
Time deposit	30,402	5/05/2024
Time deposit	30,402	5/05/2024
Time deposit	22,987	2/15/2024
Time deposit	35,197	11/12/2023
Time deposit	58,042	2/15/2024
Time deposit	25,443	11/26/2023
Time deposit	10,142	11/24/2023
Time deposit	10,143	12/21/2023
Time deposit	12,335	12/21/2023
Petty cash on hand	23	N/A
Total	\$ 2,083,985	

Reconciliation to Statement of Net Position:

Governmental Funds:	
Cash and cash equivalents	\$ 856,622
Investments	288,252
Cash and cash equivalents, restricted	112,865
Proprietary Funds:	
Cash and cash equivalents, unrestricted	67,619
Investments, unrestricted	32,620
Cash and cash equivalents, restricted	112,416
Investments, restricted	25,443
Component Units:	
Cash and cash equivalents, Airport Authority	472,706
Cash and cash equivalents, Economic Development Authority	<u>115,442</u>
Total	<u>\$2,083,985</u>

**Note 3. NOTES RECEIVABLE**

**Component Units:**

***Thomas Economic Development Authority***

Notes receivable consists of loans made to third parties for community development. Certain borrowers may have had deferred payments or modifications to their note approved due to the local economic downturn and the Covid 19 pandemic affecting the nation. The following briefly describes these receivables:

Supreme Trailer Sales LLC – This promissory note was executed on May 23, 2019 for \$500,000. Terms will be interest at 2.5% amortized over 20 years. Repayment began on March 9, 2020, with monthly payments of \$2,650. Note is secured by a mortgage of 5 acres of property deeded to borrowers along with all improvements made to the property. On November 26, 2019, the Authority borrowed \$250,000 from CKenergy Electric Cooperative, Inc. and assigned this note and mortgage to them as security. The balance on this note as of June 30, 2023 was \$430,425.

A second promissory note was executed on February 18, 2020, for \$120,000. Repayment terms call for \$636 monthly payments at 2.5% interest for 20 years. \$28,376 was refinanced from a lease purchase agreement. Note is secured by the building and lots 10, 11, 12, 15, 16 & 17 in block 99 of the City of Thomas. Lots 15, 16, & 17 are subject to a note payable to Pioneer Telephone Cooperative, Inc., as more fully discussed in Note 8. Balance at June 30, 2023 is \$93,005.

Dog Pound Fitness LLC – These consists of two notes to one borrower for a building and equipment. Building and equipment notes are for \$72,000 and \$30,000, respectively. Interest will be at 3.25% and repayment to begin on November 1, 2019. Monthly payments are \$461 and \$217, respectively. The balance at June 30, 2023 was \$52,924 and \$15,164, respectively. Total is \$68,088.

Jimmy Litsch – On August 17, 2022, the Authority loaned \$71,645 to the borrower secured by real estate and equipment. Repayment terms call for monthly payments of \$1,303 at 3.5% interest beginning September 1, 2022. The balance as of June 30, 2023 was \$48,407.

J. Masquelier – On February 24, 2021, the Authority loaned \$70,000 to the borrower secured by real estate and remodeling expenses. Repayment terms call for monthly payments of \$518 at 4.0% interest for a term of 15 years after the final advance is made. The balance at June 30, 2023, was \$61,976.

A second promissory note was executed on October 19, 2021 for \$2,521 to the borrower. Repayment terms call for monthly payments of \$75.87 at 3.5% interest for a term of 35 months beginning November 20, 2021. The balance at June 30, 2023, was \$874.

South Canadian Meats, LLC – On February 11, 2021, the Authority entered into an agreement with Thomas Public Works Authority (TPWA) and South Canadian Meats, LLC (SC Meats). The agreement calls for the Authority to advance to TPWA the costs to construct a force main sewer lift station on property owned and maintained by TPWA. SC Meats agrees to pay the Authority \$1,000 per month beginning the month the lift station becomes operational until the full amount advanced by the Authority has been reimbursed. During the repayment period, TPWA agrees to waive all sewer/wastewater charges of SC Meats until the obligation to the Authority is satisfied. After satisfaction of the debt to the Authority, SC Meats and TPWA will negotiate further wastewater charges. TPWA also agrees to pay for the required generator at the new lift station. The Authority had donated five acres of land (cost \$7,500) toward this project. The balance at June 30, 2023 was \$133,715.

A second promissory note was executed on August 17, 2021 for \$175,740 to the borrower secured by equipment. Repayment terms call for monthly payments of \$1,578.00 at 1.5% interest for a term of 10 years beginning January 1, 2022. The balance at June 30, 2023, was \$161,430.

King Design & Printing, LLC – On April 21, 2022, the Authority loaned \$40,000 to the borrower secured by equipment and inventory. Repayment terms call for monthly payments of \$718.75 at 3.0% interest for a term of 5 years beginning July 1, 2022. The balance at June 30, 2023, was \$30,490.

Leisa Redd – On November 15, 2021, the Authority loaned \$5,165 to the borrower secured by equipment and inventory. Repayment terms call for monthly payments of \$223.14 at 3.5% interest for a term of 2 years beginning December 1, 2021. The balance at June 30, 2023, was \$1,092.

KC Supply – On November 4, 2022, the Authority loaned \$550,000 to the borrower secured by real estate. Repayment terms call for monthly payments of \$4,068.28 at 4% interest for a term of 15 years beginning February 1, 2023. The balance at June 30, 2023, was \$541,399.

A second promissory note was executed on March 27, 2023 for \$60,281 to the borrower secured by real estate. Repayment terms call for monthly payments of \$1,200.00 at 5% interest for a term of 56.48 months beginning July 1, 2023. The balance at June 30, 2023, was \$60,281.

Myriad Counseling Solutions LLC – On March 1, 2023, the Authority executed a promissory note with the debtor in the amount of \$140,664 secured by real estate. Repayment terms call for monthly payments of \$1,141.93 at 5% interest until paid in full beginning March 1, 2023. The balance at June 30, 2023, was \$136,940.

Sutton Plumbing and Flooring LLC – On March 27, 2023, the Authority executed a promissory note with the debtor in the amount of \$30,343 secured by a vehicle, tools, equipment, inventory and supplies. Repayment terms call for monthly payments of \$909.41 at 5% interest for a term of 3 years beginning May 1, 2023. The balance at June 30, 2023, was \$28,283.

Sam Rivinius – On April 5, 2023, the Authority executed a promissory note with the debtor in the amount of \$199,312 secured by real estate. Repayment terms call for monthly payments of \$2,817.06 at 5% interest until paid in full beginning May 1, 2023. The balance at June 30, 2023, was \$192,713.

A summary of notes receivable activity follows:

Note Receivable	Balance at July 1, 2022	New Receivable	(Repayments)	Balance at June 30, 2023	Due Within One Year	Note Receivable Net of Current
Schrock Automotive	\$ 1,448	\$ -	\$ (1,448)	\$ -	\$ -	
Myriad Solutions	125,635	-	(125,635)	-	-	
Myriad Solutions	-	140,664	(3,724)	136,940	11,456	
W. Litsch	167,379	-	(167,379)	-	-	
W. Litsch	52,479	-	(52,479)	-	-	
W. Litsch	1,111	-	(1,111)	-	-	
Sutton Plumbing	-	30,000	(1,717)	28,283	9,712	
Sam Rivinius	-	199,312	(6,600)	192,713	24,907	
Precision Design	208,344	-	(208,344)	-	-	
Supreme Trailer	451,031	-	(20,607)	430,425	21,191	
Supreme Trailer	108,170	155	(15,320)	93,005	5,348	
Dog Pound	73,939	-	(5,851)	68,088	5,991	
J. Litsch	45,371	-	(45,371)	-	-	
J. Litsch	18,233	-	(18,233)	-	-	
J. Litsch	-	71,644	(23,238)	48,407	21,579	
Masquelier	65,622	-	(3,646)	61,976	3,758	
Masquelier	1,812	-	(938)	874	874	
SC Meats	175,740	-	(14,310)	161,430	16,601	
SC Meats	145,715	-	(12,000)	133,715	12,000	
King Design & Printing	37,371	-	(6,881)	30,490	7,228	
Leisa Redd	3,687	-	(2,594)	1,092	1,093	
KC Supply	-	550,000	(8,601)	541,399	27,486	
KC Supply	-	60,281	-	60,281	11,239	
Tiny Terriers	9,959	-	(9,959)	-	-	
	\$ 1,693,046	\$ 1,052,056	\$ (755,986)	\$ 1,989,118	\$ 180,463	\$ 1,808,655

**Note 4. CAPITAL LEASE RECEIVABLE**

**Component Units:**

***Thomas Economic Development Authority***

Capital lease receivable is a lease-purchase loan made to a third party with a bargain purchase option.

Schrock Automotive, LLC – On January 18, 2017 the Authority entered into a capital lease agreement. This contract provided for Schrock Automotive to deed to the Authority real estate located adjacent to the property and then for the Authority to construct a commercial building and other improvements on these premises. Upon substantial completion of the construction (estimated to be \$650,000), the two parties will enter into a written lease purchase agreement for the Authority's construction and other costs to be repaid with 4% interest and monthly payments over 15 years. The commercial building and other improvements has a mortgage to the Bank of the West who loaned the Authority the funds for the construction as noted in Note 8. The accumulated construction balance (which includes \$14,446 capitalized interest costs) totaled \$664,320 on this agreement. The balance at June 30, 2023 is \$498,297.

Foamtech Inc. – The Authority executed a lease purchase agreement on March 16, 2016, with Foamtech Inc. for certain real estate it owns along with an agreement to construct a building on the property. At the end of the construction period, the total construction costs will be used to determine the purchase price. The building and land has a mortgage to the Bank of the West who loaned the Authority the funds to construct the building as noted in Note 8. On March 27, 2017, the parties executed a revised lease purchase agreement stating the total construction costs were \$458,797 (which included \$6,901 in capitalized interest costs). Terms then call for interest at 3.5% over 120 months beginning April 1, 2017, and monthly payments of \$4,524 thereafter. Maturity is March 31, 2027. The balance on this agreement at June 30, 2023, was \$190,948.

Kids Therapy Connection PLLC – The Authority executed a lease purchase agreement on September 9, 2021 with Kids Therapy Connection PLLC and individual owners for land, buildings, equipment and other improvements in the amount of \$525,000. The repayment terms call for monthly payments at 3.5% interest, 15 year term, beginning thirty (30) calendar days from the date of occupancy of the property. The balance of this agreement at June 30, 2023, was \$482,401.

The following is a summary of the capital lease receivable transactions ending June 30, 2023:

Capital Lease Receivable	Balance at July 1, 2022	New Receivable	(Repayments)	Balance at June 30, 2023	Due Within One Year	Capital Lease Receivable Net of Current
Schrock Automotive	\$ 308	\$ -	\$ (308)	\$ -	\$ -	
Schrock Automotive	536,429	-	(38,132)	498,297	40,240	
Foamtech Inc	237,655	-	(46,707)	190,948	48,332	
Tiny Terriers	141,442	-	(141,442)	-	-	
Kids Therapy	499,923	-	(17,522)	482,401	23,923	
	<u>\$ 1,415,757</u>	<u>\$ -</u>	<u>\$ (244,111)</u>	<u>\$ 1,171,646</u>	<u>\$ 112,495</u>	<u>\$ 1,059,151</u>

**Note 5. RESTRICTED ASSETS**

**Primary Government:**

***Business-Type Activities***

A portion of the amount reported as restricted assets for the Public Works Authority is composed of the amounts held for utility deposits (refunded upon termination of service or applied to final bill) of \$55,035.

Under the terms of the long-term note payable to the United States Department of Agriculture Rural Development, the Authority is required to make payments into a restricted account to fund a debt service reserve account. This reserve is required to establish an emergency fund for maintenance and repairs and debt repayment, should the need arise. The Authority shall set aside into the USDA Reserve Account the sum of 10% of the monthly installment until one annual installment is accumulated. Ten percent of the proposed loan installment would equal \$1,026.49 per month. The balance in the USDA Reserve Account as of June 30, 2023 is \$57,641.

The minimum future commitments to the debt reserve fund are detailed below:

Year Ending June 30	
2024	\$ 12,318
2025	12,318
2026	12,318
2027	12,318

2028	12,318
Thereafter	3,949
Totals	<u>\$ 65,539</u>

Additionally, the Authority is required to fund a depreciation reserve for short-lived assets by depositing a sum of \$1,000 monthly. The balance in the USDA Short-lived Asset Account as of June 30, 2023 is \$25,183.

The minimum future commitments to the short-lived asset account are detailed below:

Year Ending June 30	
2024	\$ 12,000
2025	12,000
2026	12,000
2027	12,000
2028	12,000
Thereafter	394,817
Totals	<u>\$ 454,817</u>

#### **Note 6. CAPITAL ASSETS**

For the year ended June 30, 2023 capital asset balances changed as follows:

##### **Primary Government:**

##### ***Governmental Activities***

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023
Buildings	\$ 283,603	\$ -	\$ -	\$ 283,603
Construction in progress	392,605	26,245	-	418,850
Drainage System	8,473	-	-	8,473
Furniture & Fixtures	295,418	-	-	295,418
Land	22,092	-	-	22,092
Land Improvements	951,770	46,660	-	998,430
Machinery and Equipment	894,924	168,661	-	1,063,585
Total	\$ 2,848,885	\$ 241,566	\$ -	\$ 3,090,451
Less accumulated depreciation	1,191,648	172,798	-	1,364,446
Rounding				2
Fixed assets, net	<u>\$ 1,657,237</u>	<u>\$ 68,768</u>	<u>\$ -</u>	<u>\$ 1,726,007</u>



***Business-Type Activities***

	<b>Balance at July 1, 2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at June 30, 2023</b>
Buildings	\$ 173,847	\$ -	\$ -	\$ 173,847
Construction in progress	19,674	32,370	-	52,044
Land Improvements	356,631	-	-	356,631
Land	401,989	-	-	401,989
Machinery and Equipment	353,469	114,874	-	468,343
Water & Sewer System	5,571,680	143,889	-	5,715,569
Total	\$ 6,877,290	\$ 291,133	\$ -	\$ 7,168,423
Less accumulated depreciation	2,223,509	303,885	-	2,527,394
Fixed assets, net	\$ 4,653,781	\$ (12,752)	\$ -	\$ 4,641,029

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against its operations. Accumulated depreciation is reported on proprietary fund balance sheets.

**Component Units:**

***Thomas Airport Authority***

	<b>Balance at July 1, 2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at June 30, 2023</b>
Construction in progress	\$ 656,179	\$734,740	\$(1,390,919)	\$ -
Buildings	-	764,998	-	764,998
Land Improvements	2,353,260	625,921	-	2,979,181
Machinery and Equipment	54,780	2,820	-	57,600
Total	\$ 3,064,219	\$2,128,479	\$(1,390,919)	\$ 3,801,779
Less accumulated depreciation	1,068,262	124,841	-	1,193,103
Fixed assets, net	\$ 1,995,957	\$2,003,638	\$(1,390,919)	\$ 2,608,676

***Thomas Economic Development Authority***

All of the Authority's capital assets are used for economic development.

Depreciation expense was charged to functions in the statement of activities as follows:

Depreciation expense charges to governmental activities:

General government	\$ 32,303
Public safety and judiciary	83,764
Transportation	17,010
Culture, parks and recreation	<u>39,721</u>

Total governmental activities depreciation expense \$172,798

Depreciation expense charges to business-type activities:

Water	\$125,553
Sewer	88,742
Sanitation	72,772
Ambulance	8
Customer service	<u>16,810</u>

Total business-type activities depreciation expense \$303,885

**Note 7. ASSETS HELD FOR ECONOMIC DEVELOPMENT**

**Component Units:**

***Thomas Economic Development Authority***

Assets Held for Economic Development consist of capital assets purchased to promote economic development in accordance with the trust indenture. Assets may be sold or donated to a prospective business. Assets are recorded at cost. Depreciable assets are not depreciated. Since the Authority reports on the modified cash basis, adjusting the assets held for economic development to current market value is not appropriate. At June 30, 2023, assets held for economic development consist of land owned by the Authority.

**Note 8. BONDS, NOTES AND LOANS PAYABLE**

**Primary Government:**

***Business-Type Activities***

Bonds, notes and loans payable consist of notes payable for the Public Works Authority briefly described as follows:

USDA - Under the loan agreement dated July 2, 2015, the Authority obtained financing in the amount of \$2,984,000. The loan is a 2.75% interest loan with a term of forty years. The Authority is to remit payments in the amount of \$10,265 in four hundred eighty equal monthly installments beginning August 2, 2015. The purpose of this loan was to obtain financing for the sewer lagoon project. This loan is collateralized by a real estate mortgage. The balance on this loan as of June 30, 2023 is \$2,582,025.

The following is a summary of the debt transactions of the Public Works Authority for the year ended June 30, 2023:

Balance – July 1, 2022	\$2,633,428
Additions	-
Retirements	<u>51,403</u>
Balance – June 30, 2023	<u><u>\$2,582,025</u></u>

Reconciliation to Statement of Net Position:

Current Liabilities: Bonds, notes and loans payable	\$ 52,837
Noncurrent Liabilities: Bonds, notes, and loans payable	<u>2,529,188</u>
Balance - June 30, 2023	<u><u>\$2,582,025</u></u>

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

Year Ending June 30	Principal	Interest	Total
2024	\$ 52,837	\$ 70,343	\$ 123,180
2025	54,308	68,872	123,180
2026	55,821	67,359	123,180
2027	57,375	65,805	123,180
2028	58,973	64,207	123,180
Thereafter	2,302,710	933,748	3,236,458
Totals	<u>\$ 2,582,025</u>	<u>\$ 1,270,333</u>	<u>\$ 3,852,358</u>

Interest expense on debt incurred during the current year totaled \$71,777.

## **Component Units:**

### ***Thomas Economic Development Authority***

Bonds, notes and loans payable consist of notes payable for the Thomas Economic Development Authority and are briefly described as follows:

CKenergy Electric Cooperative, Inc. – A loan agreement for \$250,000 dated November 26, 2019, was entered into for the purpose of obtaining financing for the Supreme Trailers \$500,000 note receivable. This note receivable along with its mortgages have been assigned to secure this loan. Terms of the note payable is monthly payments of \$2,531 at 4% interest for 120 months. The balance on this loan as of June 30, 2023 is \$171,644.

Bank of the West – The Authority executed two promissory notes with the Bank of the West during fiscal year 2017. One is dated July 19, 2016 for \$250,000. Terms call for repayment at 4% interest, monthly payments of \$2,538 for 60 months with a balloon payment at maturity on July 19, 2021. On August 16, 2021, this note was modified to extend the maturity date to July 19, 2026. Monthly payments and interest rate stayed the same. The purpose of the loan was for financing the construction of a commercial building for the Foamtech lease purchase agreement in Note 4. Collateral for the note is a mortgage on the 20 acres land the Authority owns along with any improvements existing or made in the future. The balance of this loan as of June 30, 2023 is \$87,521.

The second promissory note is dated January 12, 2017 with a maturity date of January 12, 2022. This note advances funds to the Authority as needed up to a maximum of \$650,000. Interest is at 4%. Terms call for monthly interest payments from February, 2017 to January 12, 2018. Then monthly payments of \$3,959 beginning February 12, 2018 until January 12, 2022 when the note balloons and all outstanding principal and interest is due. On January 12, 2022, this note was modified to mature (balloons) on January 12, 2026. Monthly payments and interest rate stayed the same. The purpose of the loan is for the construction of a commercial building for Schrock Automotive. Note has a mortgage on the property on 119 East Broadway and 14 Airport Road in Thomas, OK. The balance of this loan as of June 30, 2023 is \$494,746.

Southwest Intermediary Finance Team, Inc. (SWIFT) – A loan agreement for \$150,000 dated September 21, 2021, was entered into for the purpose of obtaining financing for the Kids Therapy Connection PLLC \$525,000 lease receivable. Collateral for the note is a mortgage on Lots One (1), Two (2), Three (3), Four (4), Five (5), Six (6) and Seven (7) in Block Ninety (98) in the Original Townsite of Thomas, Custer County, Oklahoma. Terms of the

note payable is monthly payments of \$1,072.32 at 3.5% interest for 180 months. The balance on this loan as of June 30, 2023 is \$136,023.

A loan agreement for \$200,000 dated September 21, 2021, was entered into for the purpose of obtaining financing for the Kids Therapy Connection PLLC \$525,000 lease receivable. Collateral for the note is a mortgage on Lots One (1), Two (2), Three (3), Four (4), Five (5), Six (6) and Seven (7) in Block Ninety (98) in the Original Townsite of Thomas, Custer County, Oklahoma. Terms of the note payable is monthly payments of \$1,429.77 at 3.5% interest for 180 months. The balance on this loan as of June 30, 2023 is \$181,365.

The following is a summary of the debt transactions of the Thomas Economic Development Authority for the year ended June 30, 2023:

<b>Notes Payable</b>	<b>Balance at July 1, 2022</b>	<b>New Debt</b>	<b>Repayments</b>	<b>Balance at June 30, 2023</b>	<b>Due Within One Year</b>	<b>Note Payable Net of Current</b>
CK Energy	\$ 194,650	\$ -	\$ 23,006	\$ 171,644	\$ 23,944	\$ 147,700
Bank of the West	113,811	-	26,290	87,521	27,419	60,102
Bank of the West	547,442	-	52,696	494,746	31,650	463,096
SWIFT	106,785	-	106,785	-	-	-
SWIFT	143,988	-	7,965	136,023	8,227	127,796
SWIFT	191,983	-	10,618	181,365	10,986	170,379
Pioneer Telephone	92,628	-	92,628	-	-	-
<b>Totals</b>	<b>\$ 1,391,287</b>	<b>\$ -</b>	<b>\$ 319,988</b>	<b>\$ 1,071,299</b>	<b>\$ 102,226</b>	<b>\$ 969,073</b>

Reconciliation to Statement of Net Position:

Current Liabilities: Bonds, notes and loans payable	\$ 102,226
Noncurrent Liabilities: Bonds, notes, and loans payable	<u>969,073</u>
Balance - June 30, 2023	<u><u>\$1,071,299</u></u>

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

Year Ending June 30		Principal	Interest	Total
	2024	\$ 97,808	\$ 40,551	\$ 138,358
	2025	101,705	36,652	138,357
	2026	105,746	32,612	138,357
	2027	80,698	28,923	109,620
	2028	82,083	25,818	107,901
	Remainder	603,260	109,268	712,527
Totals		<u>\$ 1,071,299</u>	<u>\$ 273,823</u>	<u>\$ 1,345,122</u>

**Note 9. EMPLOYEE RETIREMENT SYSTEM**

The City, as the employer, participates in the statewide cost-sharing multi-employer defined benefit plan on behalf of the volunteer firefighters. The system is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

During the year ending June 30, 2023, the City was required to contribute \$60.00 per volunteer. The City contributed \$660 during the current year, which represents 100% of the required contribution.

The City participates in the Oklahoma Municipal Retirement Fund for employees. Participating employees have a mandatory contribution of 5.25%. During the year ended June 30, 2022, the City had an employer funding rate of 185.61%. The City and employees made the following contributions to the plan during the current year:

City	\$44,188
Employees	<u>14,664</u>
Total Contributions	<u>\$58,852</u>

The City's contribution represented 100% of the required contribution.

**Note 10. 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 as follows:

- Surety Bond – covered through a public employee blanket bond with CNA Surety Company
- Workers’ Compensation – covered through participation in CompSource Oklahoma
- General and Physical Property – covered through participation in Oklahoma Municipal Assurance Group risk entity pool, with a transfer of risk to the pool
- Commercial Property and General Liability - covered through participation in Oklahoma Municipal Assurance Group risk entity pool, with a transfer of risk to the pool
- Airport Property – covered through National Hangar Insurance Program
- Fire Vehicle and Equipment Liability - covered through participation in Oklahoma Municipal Assurance Group risk entity pool, with a transfer of risk to the pool and also through VFIS
- Volunteer Fire Department Accident & Disability – covered through Nationwide Insurance Company

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.

**Note 11. CONTINGENCIES**

The City 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. Any liability of reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

**Note 12. LITIGATION**

In a letter dated January 19, 2024, the City of Thomas was named in a Notice of Claim and Potential Lawsuit. The City’s insurer, Oklahoma Municipal Assurance Group, investigated the claim recommending denial of the claim and finding no liability on the City’s part, citing the Governmental Tort Claims Act, 51 Okla. Stat. Sec. 155 Exemption 20. Based on this information, it is the City’s understanding that this case is closed.

With the exception of the above, City officials are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments against the City.

**Note 13. CONSTRUCTION IN PROGRESS**

**Primary Government:**

### ***Governmental Activities***

The City is involved in the construction of sidewalks, a highway project, a Safe Route to Schools project, a Downtown Streetscape Phase 1 & 2 project, a Housing and Urban Development apartments project, and Missouri Street project. As of June 30, 2023, these projects totaled \$418,850.

### ***Business-Type Activities***

The Public Works Authority is involved in the construction of a SCADA system and a Freedom Court housing project. As of June 30, 2023, these projects total \$52,044.

## **Note 14. COMMITMENTS**

### **Primary Government:**

#### ***Governmental Activities***

The Thomas Economic Development Authority is dependent upon funding from the City to fund its operations. The Authority received \$175,555 from the City during the year. The funds represent a one-percent City sales tax that is transferred from the City's General Fund. Although due to Oklahoma law the City may not obligate beyond its fiscal year, the City has agreed to consider budgeting and appropriating, on a year-to-year basis, this one-percent sales tax to the Authority. If the City were to not budget and appropriate this one-percent sales tax, the Authority may not be able to meet its debt service requirements.

### **Component Units:**

#### ***Thomas Economic Development Authority***

The Authority entered into a lease agreement with the City of Thomas, (as lessor), on February 24, 1998, in which the Authority leased real property to develop an industrial facility to be leased to a tenant. No rental payments are required under the terms of the lease. The consideration shall be the installation, construction, and operation of improvements to the leased property. At the end of the 50 year lease term, the Authority has the option to renew the lease for a like term. On February 20, 2019, the Authority has executed a sublease of a portion of this real property with Precision Design, Inc. (subtenant), in consideration of the payment of \$1,700 annually. The sublease will have the same lease term as the Authority's lease as long as the subtenant occupies the property. For the year ending June 30, 2023, the Authority paid the City of Thomas the \$1,700 rent received.



On July 23, 2018, the Authority signed a guaranty agreement for a loan from a third party to Myriad Counseling Solutions LLC. The loan was for \$50,000 at 6.75% with a maturity of July 24, 2028. The current balance of the third party loan at June 30, 2023 is \$29,621. The Authority has a note receivable with Myriad Counseling Solutions LLC as more fully described in Note 3.

Note 15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 4, 2024 and believes that, with the exception of the above paragraphs, there are no additional subsequent events that need to be disclosed. November 4, 2024 is the date that the financial statements were available to be issued.

**CITY OF THOMAS, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES,**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**MODIFIED CASH BASIS**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	BUDGETED AMOUNTS			ACTUAL
	ORIGINAL	REVISIONS	FINAL	AMOUNTS
<b>REVENUES</b>				
Taxes:				
Sales tax	\$ 490,000	\$ 232,000	\$ 722,000	\$ 790,076
Alcohol beverage tax	12,000	-	12,000	12,788
Cigarette tax	4,000	-	4,000	5,448
Franchise tax fees	35,000	-	35,000	46,782
Gas excise tax	-	-	-	-
Motor vehicle tax	-	-	-	-
Use tax	105,000	-	105,000	161,219
Economic development fee	-	10,000	10,000	8,932
Fire department services	-	-	-	-
Fines and forfeitures	2,500	-	2,500	4,009
Licenses, permits, and fees	1,500	-	1,500	2,345
Rental	500	-	500	22,000
Grant	104,500	-	104,500	252,815
Investment	1,400	-	1,400	8,091
Donations	-	-	-	-
Swimming pool	3,000	-	3,000	8,881
Insurance proceeds	-	-	-	-
Oil royalty	15,000	-	15,000	13,413
Mowing	750	-	750	750
Miscellaneous	2,000	-	2,000	3,676
Total revenue	\$ 777,150	\$ 242,000	\$ 1,019,150	\$ 1,341,225
<b>EXPENDITURES</b>				
Current:				
General government	\$ 353,550	\$ -	\$ 353,550	\$ 353,302
Public safety and judiciary:				
Police	\$ 116,700	\$ (30,000)	86,700	\$ 76,026
Fire	40,000	10,000	50,000	48,530
Judge fees	2,400	-	2,400	2,100
Ambulance	-	-	-	-
Emergency management	5,500	-	5,500	4,170
Total public safety and judiciary	\$ 164,600	\$ (20,000)	\$ 144,600	\$ 130,826
Transportation:				
Streets	\$ -	\$ -	\$ -	\$ -
Airport	-	-	-	-
Total transportation	\$ -	\$ -	\$ -	\$ -
Cultural, parks and recreation:				
Pool, parks, etc.	\$ 28,500	\$ 21,000	\$ 49,500	\$ 41,445
Total cultural, parks and recreation	\$ 28,500	\$ 21,000	\$ 49,500	\$ 41,445
Capital outlay	\$ 34,000	\$ 210,000	\$ 244,000	\$ 216,921
Total expenditures	\$ 580,650	\$ 211,000	\$ 791,650	\$ 742,494
Revenue over (under) expenditures	\$ 196,500	\$ 31,000	\$ 227,500	\$ 598,731
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in/(out)	\$ (292,000)	\$ (31,000)	\$ (323,000)	\$ (321,597)
Sale of capital assets	-	-	-	-
Net other financing sources (uses)	\$ (292,000)	\$ (31,000)	\$ (323,000)	\$ (321,597)
Revenus and other financing sources over (under) expenditures and other uses	\$ (95,500)	\$ -	\$ (95,500)	\$ 277,134
Fund balance at beginning of year			869,330	869,330
Fund balance at end of year			\$ 773,830	\$ 1,146,464

See accompanying notes to the financial statements.

**CITY OF THOMAS, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES,**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**MODIFIED CASH BASIS**  
**STREET & ALLEY FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	BUDGETED AMOUNTS			ACTUAL
	ORIGINAL	REVISIONS	FINAL	AMOUNTS
<b><u>REVENUES</u></b>				
Taxes:				
Gas excise tax	\$ 2,600	\$ -	\$ 2,600	\$ 2,772
Motor vehicle tax	9,000	-	9,000	7,421
Investment income	-	100	100	67
Total revenue	\$ 11,600	\$ 100	\$ 11,700	\$ 10,260
<b><u>EXPENDITURES</u></b>				
Transportation:				
Streets	\$ 13,755	\$ 10,100	\$ 23,855	\$ 12,750
Total expenditures	\$ 13,755	\$ 10,100	\$ 23,855	\$ 12,750
Revenue over (under) expenditures	\$ (2,155)	\$ (10,000)	\$ (12,155)	\$ (2,490)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Operating transfers in/(out)	\$ -	\$ 10,000	\$ 10,000	\$ 10,000
Net other financing sources (uses)	\$ -	\$ 10,000	\$ 10,000	\$ 10,000
Revenus and other financing sources over (under) expenditures and other uses	\$ (2,155)	\$ -	\$ (2,155)	\$ 7,510
Fund balance at beginning of year			2,872	2,872
Fund balance at end of year			\$ 717	\$ 10,382

**CITY OF THOMAS, OKLAHOMA  
SCHEDULE OF CASH FLOWS - SEWER LAGOON  
MODIFIED CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Cash flows from operating activities:**

Receipts from customers		\$ 210,798
Payments to suppliers:		
Fuel and oil	\$ (3,213)	
Insurance	(449)	
Maintenance & operations	(14,892)	
Office supplies	(303)	
Total payments to supplies		(18,857)
Payments to employees		(17,161)
<b>Net cash provided (used) by operating activities</b>		<b>\$ 174,780</b>

**Cash flows from capital and related financing activities:**

Principal paid on capital debt	\$ (51,403)	
Interest paid on capital debt	(71,777)	
Transfer to USDA Reserve Account	(12,318)	
Transfer to USDA Short-lived Asset Account	(12,000)	
<b>Net cash provided (used) by capital and related financing activities</b>		<b>\$ (147,498)</b>
<b>Net cash provided (used) by sewer lagoon activities</b>		<b>\$ 27,282</b>

**NOTE: Due to differences in the allocation methods used, the amounts reported on this schedule may differ from the revenues and expenses reported in the financial statements.**

**THOMAS ECONOMIC DEVELOPMENT AUTHORITY**  
**STATEMENT OF ASSETS, LIABILITIES AND NET POSITION**  
**MODIFIED CASH BASIS**  
**JUNE 30, 2023**

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$ 115,442
Notes Receivable	180,463
Capital Lease Receivable	112,495
Total Current Receivables	292,958
<b>Total Current Assets</b>	<b>408,400</b>

**Noncurrent Assets**

Assets Held for Economic Development	100,265
Notes Receivable, Net of Current	1,808,655
Capital Lease Receivable, Net of Current	1,059,150
<b>Total Noncurrent Assets</b>	<b>2,968,070</b>

<b>TOTAL ASSETS</b>	<b>\$ 3,376,470</b>
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**LIABILITIES AND NET POSITION**

**LIABILITIES**

**Current Liabilities**

Bonds and Notes Payable	\$ 102,226
<b>Total Current Liabilities</b>	<b>102,226</b>

**Noncurrent Liabilities**

Notes Payable, Net of Current	969,073
<b>Total Long-Term Liabilities</b>	<b>969,073</b>

<b>TOTAL LIABILITIES</b>	<b>1,071,299</b>
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**NET POSITION**

Net Investment in Capital Assets	
Unrestricted:	
Invested in Community Development Projects, Net	2,189,729
Unrestricted	115,442

<b>TOTAL NET POSITION</b>	<b>2,305,171</b>
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<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 3,376,470</b>
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**THOMAS ECONOMIC DEVELOPMENT AUTHORITY  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION - MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2023**

<b>Operating Revenues</b>	
Rental/Lease Income	\$ 1,700
Miscellaneous	1,047
	<hr/>
<b>Total Operating Revenues</b>	<hr/> 2,747
<b>Operating Expenses</b>	
Administration/General	14,287
Economic Development	8,708
	<hr/>
<b>Total Operating Expenses</b>	<hr/> 22,995
<b>Income from Operations</b>	<hr/> (20,248)
<b>Non-Operating Revenues (Expenses):</b>	
Grant Revenue	-
Investment Income	2,042
Interest Income on Notes and Capital Lease Receivable	119,722
Gain (Loss) on Sale of Assets	2,000
Interest Expense	(48,210)
	<hr/>
<b>Total Non-operating Revenues (Expenses)</b>	<hr/> 75,554
<b>Net Income (Loss) before Contributions and Transfers</b>	55,306
<b>Transfers In - Pledged Sales Tax Revenue from City of Thomas</b>	<hr/> 175,555
<b>Change in Net Position</b>	230,861
<b>Net Position - Beginning of Year</b>	<hr/> 2,074,310
<b>Net Position - Ending of Year</b>	<hr/> \$ 2,305,171

**THOMAS ECONOMIC DEVELOPMENT AUTHORITY**  
**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS**  
**YEAR ENDED JUNE 30, 2023**

**Cash Flows from Operating Activities**

Receipts from Customers	\$ 1,700
Other Operating Cash Receipts	1,047
Payments to Suppliers	(14,287)
Payments for Economic Development	(8,708)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>(20,248)</u>

**Cash Flows from Noncapital Financing Activities**

Transfers In - Pledged Sales Tax Revenue	175,555
<b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>	<u>175,555</u>

**Cash Flows from Capital and Related Financing Activities:**

Grant Revenue	-
Repayment of Capital Lease Receivable	244,112
Interest Received on Notes and Capital Lease Receivable	119,722
Proceeds from Notes Payable	-
Purchase of Capital Assets Held for Sale	(74,700)
Sale of Capital Assets Held for Sale	6,500
Cash Outlay for Capital Lease Receivable	-
Principal paid on Notes Payable	(319,987)
Interest Paid on Notes Payable	(48,210)
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<u>(72,563)</u>

**Cash Fows from Investing Activities**

Cash Outlay for Notes Receivable	(660,954)
Repayment of Notes Receivable	364,883
Investment Income	2,042
<b>Net Cash Provided by (Used for) Investing Activities</b>	<u>(294,029)</u>

**Net Increase (Decrease) in Cash and Cash Equivalents** (211,285)

**Balance of Cash and Cash Equivalents**

Beginning of Year	326,727
End of Year	<u>\$ 115,442</u>

**Reconciliation of Operating Income (Loss) to Net Cash**

**Provided by (Used for) Operating Activities:**

Operating Income (Loss)	\$ (20,248)
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**Net Cash Provided by (Used for) Operating Activities** \$ (20,248)

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 Thomas, 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 Thomas, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Thomas, Oklahoma's basic financial statements, and have issued our report thereon dated November 4, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Thomas, Oklahoma'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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Thomas, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Thomas, 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 or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Thomas, 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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2023-001.

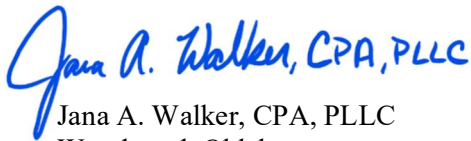


## City of Thomas, Oklahoma's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Thomas, Oklahoma's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. City of Thomas, Oklahoma's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### 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.



Jana A. Walker, CPA, PLLC  
Woodward, Oklahoma  
November 4, 2024

**City of Thomas, Oklahoma  
Schedule of Findings and Responses  
Year Ended June 30, 2023**

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**FINDING 2023-001 Lack of Timely Filed Audit**

Condition: Audit report issued after allotted 180 days from year end.

Criteria: In accordance with the Oklahoma State Statute 11 O.S. §17-105 Schedule - 113; 60 O.S. § 180.1-3 the City shall furnish copies of the reports of the financial audit within 180 days after the end of each fiscal year.

Cause: Late filing of prior year audits.

Effect or Potential Effect: Failure to submit when required causes gas excise tax to be withheld.

Recommendation: Ensure records are available for inspection subsequent to year end in a timely manner.

Response: Management will make arrangements to have their records inspected quicker after year end to ensure the timely completion of an audit.