

CITY OF SHIDLER
Shidler, Oklahoma

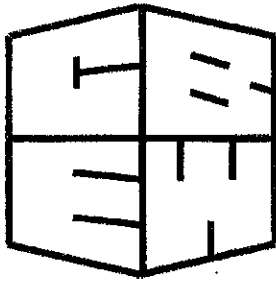
BASIC FINANCIAL STATEMENTS
June 30, 2024

**CITY OF SHIDLER
Shidler, Oklahoma**

CONTENTS

Page No.

Independent Auditor's Report	1-3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – Modified Cash Basis	4
Statement of Revenues, Expenses, and Changes in Net Position – Modified Cash Basis	5-6
Fund Financial Statements:	
Statement of Assets, Liabilities, and Fund Balance - Governmental Funds – Modified Cash Basis	7
Reconciliation of the Governmental Funds Statement of Assets, Liabilities, and Fund Balance to the Government-Wide Statement of Net Position – Modified Cash Basis	8
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – Modified Cash Basis	9
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Government-Wide Statement of Revenues, Expenses, and Change in Net Position – Modified Cash Basis	10
Statement of Fund Net Position - Proprietary Funds – Modified Cash Basis	11
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds Modified Cash Basis	12
Statement of Cash Flows - Proprietary Funds – Modified Cash Basis	13
Notes to the Basic Financial Statements	14-25
Other Information:	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Governmental Funds – Modified Cash Basis	26-27
Notes to Other Information	28
Report Required by <i>Government Auditing Standards</i>:	
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	29-30
Schedule of Findings and Responses	31



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INDEPENDENT AUDITOR'S REPORT

September 27, 2024

Honorable Board of City Commissioners
City of Shidler
Shidler, Oklahoma

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Shidler, Oklahoma, (City) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City'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, each major fund and the aggregate remaining fund information of the City of Shidler, 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 as described in Note 1.

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 Shidler, 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

We draw attention to Note 1 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.

Responsibility 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 1, 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 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 Shidler, 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 Shidler, 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.

Other Matters

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis and budgetary comparison information 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 September 27, 2024, on our consideration of the City'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 results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

CBEW Professional Group, LLP

CBEW Professional Group, LLP
Certified Public Accountants

CITY OF SHIDLER
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
June 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments:			
Cash & cash equivalents	\$ 591,339	\$ 181,678	\$ 773,017
Cash on hand	300	-	300
Investments	72,015	167,580	239,595
Due to/from others	-	-	-
Restricted assets:			
Cash, insurance deposit	12,520	-	12,520
Capital assets:			
Land	-	344,760	344,760
Construction in progress	-	-	-
Depreciable buildings, property, equipment and infrastructure, net of depreciation	156,661	1,397,811	1,554,472
Total assets	\$ 832,835	\$ 2,091,829	\$ 2,924,664
Liabilities:			
Current liabilities:			
Meter deposits	-	22,842	22,842
Notes payable	-	31,962	31,962
Non-current liabilities:			
Notes payable	-	125,312	125,312
Total liabilities	-	180,116	180,116
Net position:			
Net investment in capital assets	156,661	1,585,297	1,741,958
Restricted	74,722	-	74,722
Unrestricted	601,452	326,416	927,868
Total net position	\$ 832,835	\$ 1,911,713	\$ 2,744,548

The accompanying notes are an integral part of the basic financial statements.

CITY OF SHIDLER
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
MODIFIED CASH BASIS
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government:					
City clerk	\$ 60,452	\$ -	\$ -	\$ -	\$ (60,452)
General government	47,472	348	58,030	-	10,906
Total general government	107,924	348	58,030	-	(49,546)
Public safety and judiciary:					
City attorney	-	-	-	-	-
Fire	7,100	-	4,014	-	(3,086)
Ambulance	10,770	5,267	10,000	-	4,497
Total public safety and judiciary	17,870	5,267	14,014	-	1,411
Transportation:					
Streets	24,859	-	-	-	(24,859)
Total transportation	24,859	-	-	-	(24,859)
Cultural, parks and recreation:					
Library	-	-	-	-	-
Parks	-	-	-	-	-
Total cultural, parks and recreation	-	-	-	-	-
Unallocated depreciation*	28,524	-	-	-	(28,524)
Total governmental activities	179,177	5,615	72,044	-	(101,518)
Business-type activities					
Water service	183,015	159,506	-	-	(23,509)
Sewer service	50,654	61,640	-	171,748	182,734
Sanitation service	62,510	54,158	-	-	(8,352)
Financing costs	5,708	-	-	-	(5,708)
Unallocated depreciation*	57,740	-	-	-	(57,740)
Total business-type activities	359,627	275,304	-	171,748	87,425
Total	\$ 538,804	\$ 280,919	\$ 72,044	\$ 171,748	\$ (14,093)

* - This amount does not include the depreciation that is included in the direct expenses of various programs.

The accompanying notes are an integral part of the basic financial statements.

CITY OF SHIDLER
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
MODIFIED CASH BASIS
Year Ended June 30, 2024

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Net (expense)/revenue	\$ (101,518)	\$ 87,425	\$ (14,093)
General revenues:			
Taxes:			
Sales and use taxes	111,065	-	111,065
Franchise taxes	14,696	-	14,696
Intergovernmental	19,707	-	19,707
Interest earnings	15,930	-	15,930
Sale of assets	-	-	-
Miscellaneous	284,555	15,609	300,164
Transfers	(123,843)	123,843	-
Total general revenues and transfers	<u>322,110</u>	<u>139,452</u>	<u>461,562</u>
Change in net position	220,592	226,877	447,469
Net position - beginning of year	<u>612,243</u>	<u>1,684,836</u>	<u>2,297,079</u>
Net position - end of year	<u>\$ 832,835</u>	<u>\$ 1,911,713</u>	<u>\$ 2,744,548</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF SHIDLER
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
June 30, 2024

	General Fund (Major)	Special Revenue Funds Grant Fund (non-major)	Street & Alley (non-major)	Total Governmental Funds
Assets:				
Cash and investments:				
Cash & cash equivalents	\$ 554,081	\$ 32,467	\$ 4,791	\$ 591,339
Cash on hand	300	-	-	300
Investments	72,015	-	-	72,015
Due from others	-	-	-	-
Restricted assets:				
Cash, insurance deposit	12,520	-	-	12,520
Total assets	<u>\$ 638,916</u>	<u>\$ 32,467</u>	<u>\$ 4,791</u>	<u>\$ 676,174</u>
Liabilities:				
Due to others	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted for:				
Other purposes	-	32,467	4,791	37,258
Fire	37,464	-	-	37,464
Unassigned	601,452	-	-	601,452
Total fund balances	<u>638,916</u>	<u>32,467</u>	<u>4,791</u>	<u>676,174</u>
Total liabilities and fund balances	<u>\$ 638,916</u>	<u>\$ 32,467</u>	<u>\$ 4,791</u>	<u>\$ 676,174</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF SHIDLER
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF ASSETS, LIABILITIES, AND FUND
BALANCE TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
MODIFIED CASH BASIS
June 30, 2024

Total Fund Balances - Total Governmental Funds **\$ 676,174**

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	\$ -	-
Buildings and improvements	97,090	
Equipment	419,642	
Accumulated Depreciation	<u>\$ (360,071)</u>	
Total		<u>156,661</u>

Net position of governmental activities **\$ 832,835**

The accompanying notes are an integral part of the basic financial statements.

CITY OF SHIDLER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
Year Ended June 30, 2024

	General Fund (Major)	Special Revenue Funds Grant Fund (non-major)	Street & Alley (non-major)	Total Governmental Funds
Revenues:				
Sales and use taxes	\$ 111,065	\$ -	\$ -	\$ 111,065
Alcoholic beverage tax	16,329	-	-	16,329
Cigarette tax	372	-	-	372
Gasoline excise tax	-	-	578	578
Commercial vehicle tax	-	-	2,428	2,428
Franchise tax	14,696	-	-	14,696
Grants	4,014	58,030	-	62,044
Licenses and permits	348	-	-	348
Miscellaneous	284,555	-	-	284,555
Ambulance	5,267	-	-	5,267
Interest	15,923	-	7	15,930
Donations	10,000	-	-	10,000
Sale of assets	-	-	-	-
Total revenues	<u>462,569</u>	<u>58,030</u>	<u>3,013</u>	<u>523,612</u>
Expenditures:				
Current:				
General government	71,761	36,163	-	107,924
Highways and roads	18,852	-	6,007	24,859
Public safety	17,870	-	-	17,870
Cultural and recreation	-	-	-	-
Capital outlay	9,816	-	-	9,816
Total expenditures	<u>118,299</u>	<u>36,163</u>	<u>6,007</u>	<u>160,469</u>
Excess of revenues over (under) expenditures	344,270	21,867	(2,994)	363,143
Other financing uses:				
Operating transfers in (out)	<u>(123,843)</u>	<u>-</u>	<u>-</u>	<u>(123,843)</u>
Excess of revenues over (under) expenditures & transfers	220,427	21,867	(2,994)	239,300
Fund balance - beginning of year	<u>418,489</u>	<u>10,600</u>	<u>7,785</u>	<u>436,874</u>
Fund balance - end of year	<u>\$ 638,916</u>	<u>\$ 32,467</u>	<u>\$ 4,791</u>	<u>\$ 676,174</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF SHIDLER
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE TO THE GOVERNMENT-WIDE STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
MODIFIED CASH BASIS
Year Ended June 30, 2024

Net Change in Fund Balances - Total Governmental Funds	\$ 239,300
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	9,816
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.	<u>(28,524)</u>
Change in Net Position of Governmental Activities	<u>\$ 220,592</u>

The accompanying notes are an integral part of the basic financial statements.

**CITY OF SHIDLER
STATEMENT OF FUND NET POSITION
MODIFIED CASH BASIS
PROPRIETARY FUNDS
June 30, 2024**

Business-type Activities - Enterprise Funds

	Shidler Public Works Authority	Totals
Assets:		
Cash and investments:		
Cash & cash equivalents	\$ 181,678	\$ 181,678
Investments	167,580	167,580
Due from others	-	-
Capital assets:		
Land	344,760	344,760
Depreciable buildings, property, equipment and infrastructure, net of depreciation (Notes 1 & 3)	<u>1,397,811</u>	<u>1,397,811</u>
Total assets	<u><u>\$ 2,091,829</u></u>	<u><u>\$ 2,091,829</u></u>
Liabilities:		
Current liabilities:		
Meter deposits	\$ 22,842	\$ 22,842
Due to other funds	-	-
Notes payable	31,962	31,962
Non-current liabilities:		
Notes payable	<u>125,312</u>	<u>125,312</u>
Total liabilities	<u>180,116</u>	<u>180,116</u>
Net position:		
Net investment in capital assets	1,585,297	1,585,297
Restricted	-	-
Unrestricted	<u>326,416</u>	<u>326,416</u>
Total net position	<u><u>\$ 1,911,713</u></u>	<u><u>\$ 1,911,713</u></u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF SHIDLER
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
MODIFIED CASH BASIS
PROPRIETARY FUNDS
Year Ended June 30, 2024

Business-type Activities - Enterprise Funds

	Shidler Public Works Authority	Totals
Revenues:		
Water revenue	\$ 159,506	\$ 159,506
Sewer revenue	61,640	61,640
Sanitation revenue	54,158	54,158
Miscellaneous revenue	15,609	15,609
Total revenues	<u>290,913</u>	<u>290,913</u>
Operating expense:		
Water service	183,015	183,015
Sewer service	50,654	50,654
Sanitation service	62,510	62,510
Depreciation	57,740	57,740
Total operating expenses	<u>353,919</u>	<u>353,919</u>
Income before non-operating revenues, expenses & transfers	<u>(63,006)</u>	<u>(63,006)</u>
Non-operating revenues (expenses):		
Interest revenue	-	-
Grant revenue	171,748	171,748
Interest expense	(5,708)	(5,708)
Total	<u>166,040</u>	<u>166,040</u>
Income (loss) before operating transfers	<u>103,034</u>	<u>103,034</u>
Transfers in (out)	<u>123,843</u>	<u>123,843</u>
Change in net position	226,877	226,877
Net position at beginning of year	<u>1,684,836</u>	<u>1,684,836</u>
Net position at end of year	<u><u>\$ 1,911,713</u></u>	<u><u>\$ 1,911,713</u></u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF SHIDLER
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
PROPRIETARY FUNDS
Year Ended June 30, 2024

Business-type Activities - Enterprise Funds

	Shidler Public Works Authority	Totals
Cash flows from operating activities:		
Cash received from customers & service users	\$ 290,913	\$ 290,913
Cash payments for goods & services & employees	(296,515)	(296,515)
Other operating revenues	-	-
Net cash provided by operating activities	<u>(5,602)</u>	<u>(5,602)</u>
Cash flows from noncapital financing activities:		
Operating transfers out to other funds	-	-
Operating transfers in from other funds	123,843	123,843
Grant revenues	171,748	171,748
Change in meter deposits	(10,920)	(10,920)
Change in due to/from accounts	-	-
Net cash provided (used) for noncapital financing activities	<u>284,671</u>	<u>284,671</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(183,232)	(183,232)
Proceeds from new debt	-	-
Principal paid on debt	(29,774)	(29,774)
Interest paid on debt	(5,708)	(5,708)
Net cash provided (used) for capital and related financing activities	<u>(218,714)</u>	<u>(218,714)</u>
Cash flows from investing activities:		
(Purchase) liquidation of investments - restricted	(6,210)	(6,210)
Interest on investments	-	-
Net cash provided by investing activities	<u>(6,210)</u>	<u>(6,210)</u>
Net increase (decrease) in cash & cash equivalents	54,145	54,145
Cash and cash equivalents - beginning of year	<u>127,533</u>	<u>127,533</u>
Cash and cash equivalents - end of year	<u>\$ 181,678</u>	<u>\$ 181,678</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ (63,006)	\$ (63,006)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	57,740	57,740
Change in assets and liabilities:		
Increase (decrease) in payroll taxes payable	(336)	(336)
Total adjustments	<u>57,404</u>	<u>57,404</u>
Net cash provided by operating activities	<u>\$ (5,602)</u>	<u>\$ (5,602)</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF SHIDLER
Shidler, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Shidler, Oklahoma (the City) accounting policies and financial statement presentation conform to the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. 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 and are recommended by the Government Financial Officers Association (GFOA) small government annual financial report model. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

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 by not yet paid, and accrued expenses and liabilities, including pension liabilities) are not recorded in these financial statements.

If the City utilized the basis of accounting recognized as generally accepted by GASB, the government-wide financial statements would be presented on the accrual basis of accounting, the governmental funds would utilize the modified accrual basis of accounting, and the proprietary funds would utilize the accrual basis of accounting.

The more significant accounting policies established in the modified cash basis of accounting and used by the City as well as a further description of departures from governmental GAAP are discussed below.

A. Reporting Entity

The City of Shidler, Oklahoma was organized under the statutes of the State of Oklahoma. The City operates under a council form of government and is governed by a nine-member board. The mayor is elected by the community. These financial statements present the activities of the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with the data of the primary government. The City provides the following services as authorized by its charter: general government, public safety (fire and ambulance), streets, public works (water, sewer, and refuse), health and social services, culture, parks and recreation, public improvements, and planning and zoning for the geographical area organized as the City of Shidler, Oklahoma.

Blended Component Units:

The Shidler Public Works Authority (SPWA) was created pursuant to a Trust Indenture to finance, operate, construct and administer any public works, improvements or facilities for the benefit of the City of Shidler, Oklahoma. The public works systems owned by the City have been leased to the Trust. The Trust is a public trust and an agency of the State of Oklahoma under Title 60, Oklahoma Statutes 1991, Section 176, et seq., and is governed by a board consisting of trustees identical with the City Council. The Trust is exempt from State and Federal income taxes. The Trust is reported as an enterprise fund and includes water, sewage and sanitation services.

CITY OF SHIDLER
Shidler, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are normally prepared using the accrual basis of accounting but the City of Shidler's presentation is on a modified cash basis.

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities at year-end on a modified cash basis. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on program revenues are presented as general revenues of the city, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements – During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting – The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds – are used to account for the government's general government activities. The City presents its governmental activities on the modified cash basis of accounting rather than generally accepted accounting principles (GAAP). GAAP requires that governmental fund types would use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under that basis of accounting, revenues would be recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. GAAP provides that all revenues are available if they are collected within 60 days after year-end. For GAAP, expenditures would be recorded when the fund liability is incurred with certain exceptions (general long-term debt and certain compensated absences, claims and judgments). The City records governmental fund expenditures as they are paid rather than when the obligation is incurred.

Sales taxes collected and held by the state at year-end on behalf of the City are susceptible to accrual and are recognized as revenue. Other receipts and taxes (franchise taxes, licenses, etc.) become measurable and available when cash is received by the government and are recognized as revenue at that time.

CITY OF SHIDLER
Shidler, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting (Continued)

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The following are the City's major governmental funds:

General Fund – is the main operating fund of the City. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Other governmental funds of the City that are considered non-major funds include:

Special Revenue Funds - account for specific revenue sources that are legally restricted or committed to expenditures for specific purposes (not including major capital projects). The following are the City's Special Revenue Funds: Grant Fund and Street & Alley. Management has elected to report these funds as major within the financial statements.

Proprietary Funds – Proprietary funds are classified as enterprise funds. For GAAP purposes these funds are generally accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. In the City's modified cash basis financial statements revenues are recorded when received and expenditures are recorded when paid with the exception of payroll taxes withheld, other withholdings, and accrued compensated absences which the City records as a modification to the cash basis of accounting. The accrual amounts are not material to the financial statement presentation.

Enterprise Funds – are used to account for those operations that are financed and operated in a manner similar to private business where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that the determination of revenues earned, costs incurred and/or net income is necessary for capital maintenance, public policy or management accountability. The Shidler Public Works Authority is accounted for as an enterprise fund.

The following are the City's major enterprise funds:

Shidler Public Works Authority – accounts for the operations of providing public works (water, sewage and sanitation) to the City.

Fiduciary Funds – account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement. Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency Funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity. The City does not have an agency fund at this time.

**CITY OF SHIDLER
Shidler, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Equity

1. Deposits and Investments

Oklahoma statutes authorize the City to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the City can invest in direct debt securities of the United States unless law expressly prohibits such an investment.

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

2. Restricted Cash and Investments

The restricted cash and investments are the result of special revenue funds and jaws of life funds.

3. Fair Value of Financial Instruments

The City's financial instruments include cash and cash equivalents, investments, accounts receivable and accounts payable. The City's estimates of the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements; however, accounts receivable and accounts payable are not reflected in the financial statements due to modified cash basis presentation.

4. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

5. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due from other/due to other funds".

6. Inventories

Inventories in both governmental funds and proprietary funds normally consist of minimal amounts of expendable supplies held for consumption. The costs of such inventories are recorded as expenditures when purchased rather than when consumed.

CITY OF SHIDLER
Shidler, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Equity (Continued)

7. Capital Assets and Infrastructure

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$5,000. The City's infrastructure consists of roads, bridges, curbs and gutter, streets and sidewalks, drainage system, lighting systems and similar assets that are immovable and of value only to the City. Such infrastructure assets acquired after July 1, 2003 are capitalized in accordance with the requirements of GASB 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add value of the asset or materially extend an asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement.

Depreciation is computed on the straight-line method with estimated useful lives as follows:

<u>Description</u>	Governmental Activities	Business-Type Activities
	<u>Estimated Lives</u>	<u>Estimated Lives</u>
Buildings & Improvements	40 - 100 years	20 - 40 years
Furniture, Fixtures and Equipment	5 - 40 years	10 - 40 years
Vehicles	5 - 40 years	5 - 40 years
Utility systems		40 years
Transmission and distribution		40 years

8. Compensated Absences

It is the City's policy to permit employees to accumulate vacation time and is normally paid in December. Generally, after six consecutive months of service, employees are entitled to all accrued vacation leave upon termination. As a result of the use of the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the financial statements. Expenditures/expenses related to compensated absences are recorded when paid.

CITY OF SHIDLER
Shidler, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Equity (Continued)

9. Long-term Obligations

The accounting and reporting treatment applied to long-term liabilities associated with a fund are determined by its measurement focus. All governmental fund types are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Therefore, long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

10. Net Position/Fund Balance

In the government-wide financial statement, net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when limitations on its use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws or other governments, or are imposed by law through constitutional provisions or enabling legislation.

In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e., fund balance associated with assets that are *not in spendable form*, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

Amounts in the *spendable* fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.

Committed fund balance represents amount that are useable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment. The City Ordinance is the highest level of decision-making authority of the City.

Unassigned fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

CITY OF SHIDLER
Shidler, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Equity (Continued)

10. Net Position/Fund Balance (Continued)

Assigned fund balance represents amounts that are *intended* to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds *other than the general fund*, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purpose in accordance with the provisions of the standard.

11. Resource Use Policy

It is in the City's policy for all funds that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources, including fund balances, are available, the City considers restricted amounts to be spent first before any unrestricted amounts are used. Furthermore, it is the City's policy that when an expenditure/expense is incurred for purposes for which committed, assigned, or unassigned resources, including fund balances, are available, the City considers committed amounts to be spent first, followed by assigned amounts and lastly unassigned amounts.

2. DETAILED NOTES CONCERNING THE FUNDS

A. Deposits and Investments

Custodial Credit Risk

At June 30, 2024, the City held deposits of approximately \$1,012,612 at financial institutions. The City's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the City or by its agent in the City's name.

Investment Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

The City has no policy that limits its investment choices other than the limitation of state law as follows:

Section 1.

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt 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.

CITY OF SHIDLER
Shidler, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

A. Deposits and Investments (Continued)

- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

Section 2. Trust authority funds may be invested in mutual funds whose portfolio is invested in tax-exempt securities, governmental securities, and high-grade government bonds.

Section 3. Investments shall be made with judgment and care under the circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of the principal as well as the probable income to be derived.

The investments held at June 30, 2024 are as follows:

Type	Weighted Avg Maturity (Months)	Credit Rating	Market Value	Cost
Investments				
Certificate of deposit	12.00	N/A	239,595	239,595
Total investments			<u>\$ 239,595</u>	<u>\$ 239,595</u>
Reconciliation to Statement of Net Position				
Governmental activities			\$ 72,015	
Business-type activities			167,580	
			<u>\$ 239,595</u>	

Concentration of Investment Credit Risk

The City places no limit on the amount it may invest in any one issuer. The City has the following of credit risk: 100% in Certificates of deposit (\$239,595).

CITY OF SHIDLER
Shidler, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

B. Capital Assets

Primary Government capital asset activity for the year ended is as follows:

	Balance 6/30/23	Additions	Disposals	Balance 6/30/24
Governmental Activities:				
Non-depreciable assets:				
Land	\$ -	\$ -	\$ -	\$ -
Total non-depreciable assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Depreciable assets:				
Buildings	97,090	-	-	97,090
Machinery & Equipment	409,826	9,816	-	419,642
Total depreciable assets	<u>506,916</u>	<u>9,816</u>	<u>-</u>	<u>516,732</u>
Less accumulated depreciation:				
Buildings	(71,877)	(1,404)	-	(73,281)
Machinery & Equipment	(259,670)	(27,120)	-	(286,790)
Total accumulated depreciation	<u>(331,547)</u>	<u>(28,524)</u>	<u>-</u>	<u>(360,071)</u>
Net depreciable assets	<u>175,369</u>	<u>(18,708)</u>	<u>-</u>	<u>156,661</u>
Net governmental activities capital assets	\$ <u>175,369</u>	\$ <u>(18,708)</u>	\$ <u>-</u>	\$ <u>156,661</u>
Business-Type Activities:				
Non-depreciable assets:				
Land	\$ 344,760	\$ -	\$ -	\$ 344,760
Construction in progress	-	-	-	-
Total non-depreciable assets	<u>344,760</u>	<u>-</u>	<u>-</u>	<u>344,760</u>
Depreciable assets:				
Water system	1,735,722	29,010	-	1,764,732
Sewer system	371,824	154,221	-	526,045
Total depreciable assets	<u>2,107,546</u>	<u>183,231</u>	<u>-</u>	<u>2,290,777</u>
Less accumulated depreciation:				
Water system	(742,369)	(43,282)	-	(785,651)
Sewer system	(92,857)	(14,458)	-	(107,315)
Total accumulated depreciation	<u>(835,226)</u>	<u>(57,740)</u>	<u>-</u>	<u>(892,966)</u>
Net depreciable assets	<u>1,272,320</u>	<u>125,491</u>	<u>-</u>	<u>1,397,811</u>
Net business-type activities capital assets	\$ <u>1,617,080</u>	\$ <u>125,491</u>	\$ <u>-</u>	\$ <u>1,742,571</u>

CITY OF SHIDLER
Shidler, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

C. Long-term Debt

Governmental Activities:

As of June 30, 2024, the governmental activities had no long-term debt.

Business-type Activities:

The following is summary of long-term debt of the City's Business-Type activities.

Notes Payable:

- | | |
|---|------------|
| 1) Note Payable to American Heritage Bank, dated July 16, 2019, in the amount of \$307,655 with an interest rate of 4.75%, payable in 120 monthly installments of \$3,226 with a final maturity of February 15, 2029. | \$ 157,274 |
|---|------------|

Total business-type activities long-term debt	\$ 157,274
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As of June 30, 2024, the annual principal requirements to retire Business-Type activities long-term debt are as follows:

Year Ending June 30,	Principal	Interest
2025	\$ 31,962	\$ 6,746
2026	33,514	5,195
2027	35,141	3,568
2028	33,709	4,999
2029	22,948	2,857
Total	\$ 157,274	\$ 23,365

The changes in Business-Type activities long-term debt are as follows:

	Balance July 1, 2023	Additions	Payments	Balance June 30, 2024	Current Portion
Notes payable	\$ 187,049	\$ -	\$ 29,775	\$ 157,274	\$ 31,962
Total	\$ 187,049	\$ -	\$ 29,775	\$ 157,274	\$ 31,962

CITY OF SHIDLER
Shidler, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

D. Fund Transfers

The following presents a summary of transfers between funds:

Fund	Transfer To	Transfer From	Fund
General	\$ 123,843	\$ -	SPWA
SPWA	-	123,843	General
Total	\$ 123,843	\$ 123,843	

3. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health benefits; unemployment; and natural disasters. The City purchases commercial insurance for protection against loss other than health, life, and workers compensation. Settled claims have not exceeded the commercial coverage during the past three fiscal years.

The City is a member of the Oklahoma Municipal Assurance Group Workers' Compensation Plan (the Plan), an organization formed for the purpose of providing workers' compensation coverage through the State Insurance Fund to participating municipalities in the State of Oklahoma. In that capacity, the Plan is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to it during the Plan year.

As a member of the Plan, the City is required to pay fees set by the Plan according to an established payment schedule. A Loss Fund has been established from the proceeds of these fees for each participant in the Plan. The State Insurance Fund provides coverage in excess of the Loss Fund so the City's liability for claim loss is limited to the balance of that fund. The State Insurance Fund provides coverage in excess of the Loss Fund so the City's liability for claim loss is limited to the balance of that fund. However, failure of the State Insurance Fund to honor its obligations could result in losses to the Plan.

In addition to the Loss Fund, the City maintains two additional funds with the Plan. The Rate Stabilization Reserve (RSR), which can be applied against future premium increases and an Escrow Fund made up of past refunds left on deposit with the Plan. Escrow funds earn interest and are readily available for use by the governing board. In accordance with GASB No. 10, the City reports the required contribution to the pool, net of refunds, as insurance expense. The balances in the RSR Fund and the Escrow Fund were \$0 and \$12,520, respectively.

B. Contingent Liabilities

The City is a defendant in legal actions arising from normal governmental activities. Most of these actions are covered by insurance. Although the outcome of these lawsuits is not presently determinable, management believes that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

CITY OF SHIDLER
Shidler, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

3. OTHER INFORMATION (Continued)

C. Employee Retirement System and Other Benefit Plans

The City participates in one employee pension system as follows:

Oklahoma Firefighters Pension and Retirement Plan--Cost Sharing Multiple Employer - Defined Benefit Plan

Oklahoma Firefighters Pension & Retirement Plan

Plan Description – The City of Shidler, as the employer, participates in the Firefighters Pension & Retirement – a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at www.ok.gov/fprs.

Benefits provided – FPRS provides retirement, disability and death benefits to members of the plan.

Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more service.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per years of service, with a maximum of 30 years of service. For disabilities not-in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with less than 20 years of service, or \$7.53 per year of service, with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

Contributions – The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay or \$60 for volunteer firefighters. Contributions to the pension plan from the City were \$600 (fiscal year contributions).

The required contribution from the City for these plans was \$600, \$600 and \$600 for 2024, 2023 and 2022, respectively. The required contribution was fully contributed. At June 30, 2024 the system held no related-party investments of the City or of its related entities.

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS; which can be located at www.ok.gov/fprs.

CITY OF SHIDLER
Shidler, Oklahoma

OTHER INFORMATION
June 30, 2024

CITY OF SHIDLER
SUPPLEMENTAL INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
MODIFIED CASH BASIS
Year Ended June 30, 2024
(Unaudited)
GENERAL FUND

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
				Over (Under)
Revenues:				
Sales and use taxes	\$ 145,000	\$ 145,000	\$ 111,065	\$ (33,935)
Alcoholic beverage tax	16,600	16,600	16,329	(271)
Cigarette tax	500	500	372	(128)
Franchise tax	9,000	9,000	14,696	5,696
Grants	127,800	127,800	4,014	(123,786)
Licenses and permits	300	300	348	48
Miscellaneous	4,370	4,370	284,555	280,185
Ambulance	6,500	6,500	5,267	(1,233)
Interest	4,000	4,000	15,923	11,923
Donations	10,000	10,000	10,000	-
Total revenues	324,070	324,070	462,569	138,499
Expenditures:				
General government	92,500	92,500	71,761	20,739
Highways and roads	53,000	53,000	18,852	34,148
Public safety	29,500	29,500	17,870	11,630
Cultural and recreation	-	-	-	-
Capital outlay	10,000	10,000	9,816	184
Total expenditures	185,000	185,000	118,299	66,701
Excess of revenue over				
(under) expenditures	139,070	139,070	344,270	205,200
Other financing sources (uses):				
Operating transfers in (out)	-	-	(123,843)	(123,843)
Net changes in fund balance	139,070	139,070	220,427	81,357
Fund balance at beginning of year	418,489	418,489	418,489	-
Fund balance at end of year	\$ 557,559	\$ 557,559	\$ 638,916	\$ 81,357

The Notes to Required Supplemental Information are an integral part of this statement.

CITY OF SHIDLER
SUPPLEMENTAL INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
MODIFIED CASH BASIS
Year Ended June 30, 2024
(Unaudited)
SPECIAL REVENUE FUNDS

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
				<u>Over (Under)</u>
Revenues:				
Gasoline excise tax	\$ 700	\$ 700	\$ 578	\$ (122)
Commercial vehicle tax	2,700	2,700	2,428	(272)
Grants	-	-	-	-
Interest	-	-	7	7
Misc	-	-	-	-
Total revenues	<u>3,400</u>	<u>3,400</u>	<u>3,013</u>	<u>(387)</u>
Expenditures:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Cultural and recreation	-	-	-	-
Streets	7,000	7,000	6,007	993
Capital outlay	-	-	-	-
Total expenditures	<u>7,000</u>	<u>7,000</u>	<u>6,007</u>	<u>993</u>
Excess of revenue over				
(under) expenditures	(3,600)	(3,600)	(2,994)	606
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Net changes in fund balance	(3,600)	(3,600)	(2,994)	606
Fund balance at beginning of year	<u>18,385</u>	<u>18,385</u>	<u>18,385</u>	<u>-</u>
Fund balance at end of year	<u>\$ 14,785</u>	<u>\$ 14,785</u>	<u>\$ 15,391</u>	<u>\$ 606</u>

The Notes to Required Supplemental Information are an integral part of this statement.

CITY OF SHIDLER
Shidler, Oklahoma

NOTES TO OTHER INFORMATION
For the Year Ended June 30, 2024
(Unaudited)

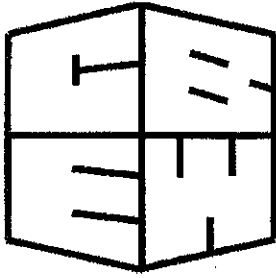
BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with the modified cash basis of accounting for all governmental funds. The enterprise funds and internal service fund adopt budgets on the non-GAAP basis wherein service fees, bond and note proceeds are recognized as revenue, principal payments on debt and capital expenditures are recognized as expenses, and depreciation expense is not budgeted. Annual appropriated budgets are not adopted for the agency funds. Budgetary data for enterprise funds, internal service, and permanent funds are not presented in these financial statements.

Prior to July 1, the City Clerk (not an elected official) submits a proposed operating budget for the fiscal year commencing July 1, to the Council (elected officials). Public hearings are held at regular or special meetings to obtain taxpayer input. Prior to July 1, the budget is legally enacted through passage of a budget resolution. The operating budget, for all budgeted funds, includes proposed expenditures and the means of financing. Each fund's appropriated budget is prepared on a detailed line-item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personal services, maintenance and operations, capital outlay, transfers, and debt service. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. A more detailed budget is used for operating purposes. All budget revisions at the legal level are subject to final approval by the City Council. Within these control levels, management may transfer appropriations without council approval. Revisions to the budget were made during the year in accordance with the provisions of the Oklahoma Statutes. All annual appropriations lapse at year-end.

CITY OF SHIDLER
Shidler, Oklahoma

REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*
June 30, 2024



CBEW Professional Group, LLP

Certified Public Accountants

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Charles E. Crooks, Jr., CPA – Trisha J. Rieman, CPA – Gabrielle Conchola, CPA

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

September 27, 2024

Honorable Board of City Commissioners
City of Shidler
Shidler, 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 modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Shidler, 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 Shidler, Oklahoma's basic financial statements, and have issued our report thereon dated September 27, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2024-001 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City'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.

CBEW Professional Group, LLP

CBEW Professional Group, LLP
Certified Public Accountants

CITY OF SHIDLER
Shidler, Oklahoma

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2024

2024-001. Internal Control – Segregation of Duties

Criteria: The segregation of duties and responsibilities between different individuals for custody of assets, recordkeeping for those assets and reconciliation of those asset accounts is an important control activity needed to adequately protect the city's assets and ensure accurate financial reporting.

Condition: Presently the same individual is responsible for issuing purchase orders, writing checks, making deposits, posting transactions and reconciles the monthly bank statements. This finding was also noted in 2023.

Cause: The City's limited size and staffing resources have made it difficult for management to provide sufficient staffing to fully segregate incompatible duties in a cost-effective manner.

Effect or Potential Effect: Without sufficient segregation of duties, the risk significantly increases that errors and fraud related to purchasing and depositing activities, including misappropriation of assets, could occur and not be detected within a timely basis.

Recommendation: We recommend that management should consider a formal evaluation of their risks associated with these procedures. In response to the identified risks, consideration should be given to identifying and implementing controls that could help mitigate the risks associated with lack of segregation of duties, such as providing increased management oversight and an independent reconciliation of accounts. For example, the entity might consider soliciting the assistance of independent volunteer labor to perform certain functions including performing compensating procedures where applicable.

Responsible Official's Response: The City concurs with the recommendation, although, the cost to correct this condition might exceed the benefit, the City has made certain changes in procedures that will improve the overall lack of segregation of duties and has implemented compensating procedures as appropriate.