

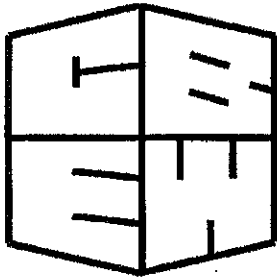
TOWN OF VICI
Vici, Oklahoma

BASIC FINANCIAL STATEMENTS
June 30, 2024

**TOWN OF VICI
Vici, Oklahoma**

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INDEPENDENT AUDITOR'S REPORT

October 2, 2024

Honorable Board of Town Commissioners
Town of Vici
Vici, 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 prepared on a modified cash basis of the Town of Vici, Oklahoma, (Town) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position—modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Vici, Oklahoma as of June 30, 2024, and the respective changes in financial position—modified cash basis, thereof for the year then ended in accordance with the 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 Town of Vici, 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; this includes 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 error or fraud.

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 Town of Vici, 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 Town of Vici, 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The combining statements – modified cash basis are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements – modified cash basis are 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 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 October 2, 2024, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

CBEW Professional Group, LLP

CBEW Professional Group, LLP
Certified Public Accountants

TOWN OF VICI
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 (Note 1)	\$ 250,949	\$ 568,961	\$ 819,910
Investments, at cost	11,159	125,066	136,225
Restricted assets:			
Cash, insurance deposit	-	-	-
Capital assets:			
Land	18,500	-	18,500
Depreciable buildings, property, equipment and infrastructure, net of depreciation (Notes 1 & 2)	587,725	951,580	1,539,305
Total assets	<u>868,333</u>	<u>1,645,607</u>	<u>2,513,940</u>
Deferred outflows of resources:			
Total deferred outflows	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities:			
Current liabilities:			
Meter deposits	-	41,529	41,529
Cash overdraft	-	418,214	418,214
Notes payable (Notes 1 & 2)	-	235,274	235,274
Non-current liabilities:			
Notes payable (Notes 1 & 2)	-	-	-
Total liabilities	<u>-</u>	<u>695,017</u>	<u>695,017</u>
Deferred inflows of resources:			
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>
Net position:			
Net investment in capital assets	606,225	716,306	1,322,531
Restricted	46,379	-	46,379
Unrestricted	215,729	234,284	450,013
Total net position	<u>\$ 868,333</u>	<u>\$ 950,590</u>	<u>\$ 1,818,923</u>
Total liabilities and fund equity	<u>868,333</u>	<u>1,645,607</u>	<u>2,513,940</u>

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

TOWN OF VICI
STATEMENT OF REVENUES, EXPENSE 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:					
General government	\$ 266,678	\$ 6,000	\$ 75,907	\$ -	\$ (184,771)
Total general government	266,678	6,000	75,907	-	(184,771)
Public safety and judiciary:					
Fire and ambulance	26,838	-	11,372	-	(15,466)
Municipal court	4,000	3,121	-	-	(879)
Police	44,534	-	-	-	(44,534)
Total public safety and judiciary	75,372	3,121	11,372	-	(60,879)
Transportation:					
Airport	1,359	-	-	-	(1,359)
Streets	13,417	-	-	-	(13,417)
Total transportation	14,776	-	-	-	(14,776)
Cultural, parks and recreation:					
Parks	6,676	-	-	-	(6,676)
Total cultural, parks and recreation	6,676	-	-	-	(6,676)
Unallocated depreciation	56,321	-	-	-	(56,321)
Total governmental activities	419,823	9,121	87,279	-	(323,423)
Business-type activities					
Nursing home activities	3,993,323	3,336,585	-	-	(656,738)
Administrative	545,259	-	-	-	(545,259)
Water	60,090	227,744	-	127,049	294,703
Sewer	6,560	66,416	-	-	59,856
Sanitation	51,349	173,824	-	-	122,475
Gas	98,738	277,381	-	-	178,643
Financing costs	10,017	-	-	-	(10,017)
Unallocated depreciation	64,644	-	-	-	(64,644)
Total business-type activities	4,829,980	4,081,950	-	127,049	(620,981)
Total	\$ 5,249,803	\$ 4,091,071	\$ 87,279	\$ 127,049	\$ (944,404)

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Net (expense)/revenue	(323,423)	(620,981)	(944,404)
General revenues:			
Taxes:			
Sales, use and cigarette taxes	425,190	-	425,190
Franchise taxes	23,896	-	23,896
Intergovernmental	49,498	-	49,498
Investment earnings	1,068	3,105	4,173
Miscellaneous	8,343	-	8,343
Gain/(loss) on sale of asset	-	-	-
Late charges	-	8,961	8,961
Transfers	(135,756)	135,756	-
Total general revenues and transfers	372,239	147,822	520,061
Change in net position	48,816	(473,159)	(424,343)
Net position - beginning of year	819,517	1,423,749	2,243,266
Net position - end of year	\$ 868,333	\$ 950,590	\$ 1,818,923

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

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

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and investments:			
Cash & cash equivalents	\$ 204,570	\$ 46,379	\$ 250,949
Investments, at cost	11,159	-	11,159
	<u>215,729</u>	<u>-</u>	<u>262,108</u>
Total assets	<u>\$ 215,729</u>	<u>\$ 46,379</u>	<u>\$ 262,108</u>
Liabilities:			
Cash overdraft	\$ -	\$ -	\$ -
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Restricted for:			
Worker's compensation	-	-	-
Other purposes	-	46,379	46,379
Unassigned	215,729	-	215,729
	<u>215,729</u>	<u>46,379</u>	<u>262,108</u>
Total fund balances	<u>215,729</u>	<u>46,379</u>	<u>262,108</u>
Total liabilities and fund balances	<u>\$ 215,729</u>	<u>\$ 46,379</u>	<u>\$ 262,108</u>

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

TOWN OF VICI
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	\$	262,108
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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	\$	18,500	
Buildings & Improvements		192,866	
Streets		130,594	
Equipment		264,265	
			606,225

Net position of governmental activities	\$	868,333
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The accompanying notes are an integral part of the basic financial statements.

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

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Charges for services	\$ 6,000	\$ -	\$ 6,000
Cigarette taxes	2,165	-	2,165
Hotel/motel taxes	-	-	-
Franchise fees	23,896	-	23,896
Fines and forfeits	3,121	-	3,121
Grant revenues	87,279	-	87,279
Interest	983	85	1,068
Intergovernmental programs	44,044	5,455	49,499
Licenses and permits	-	-	-
Miscellaneous revenue	8,343	-	8,343
911 revenues	-	-	-
Sales and use taxes	423,025	-	423,025
Total revenues	<u>598,856</u>	<u>5,540</u>	<u>604,396</u>
Expenditures:			
Current:			
General government	266,380	298	266,678
Public safety	75,373	-	75,373
Highways roads and airport	10,378	4,398	14,776
Cultural and recreational	6,676	-	6,676
Capital outlay	102,035	-	102,035
Lease payments	-	-	-
Total expenditures	<u>460,842</u>	<u>4,696</u>	<u>465,538</u>
Excess of revenues over (under) expenditures	138,014	844	138,858
Other financing uses:			
Operating transfers in (out)	<u>(142,646)</u>	<u>6,890</u>	<u>(135,756)</u>
Excess of revenues over (under) expenditures & transfers	(4,632)	7,734	3,102
Fund balance - beginning of year	<u>220,361</u>	<u>38,645</u>	<u>259,006</u>
Fund balance - end of year	<u>\$ 215,729</u>	<u>\$ 46,379</u>	<u>\$ 262,108</u>

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

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

Net Change in Fund Balances - Total Governmental Funds	\$ 3,102
Amounts reported for governmental activities in the Statement of Activities are different because:	
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.	(56,321)
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.	<u>102,035</u>
Change in Net Position of Governmental Activities	\$ <u>48,816</u>

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

TOWN OF VICI
STATEMENT OF FUND NET POSITION
MODIFIED CASH BASIS
PROPRIETARY FUNDS
June 30, 2024

	Business-type Activities - Enterprise Funds		
	Public Works Authority (Major)	Vici Nursing Home (Major)	Totals
Assets:			
Cash and investments:			
Cash & cash equivalents (Note 1)	\$ 568,161	\$ 800	\$ 568,961
Investments, at cost	26,066	99,000	125,066
Due from other funds	-	-	-
Capital assets:			
Land	-	-	-
Depreciable buildings, property, equipment and infrastructure (Notes 1 & 2)	368,072	583,508	951,580
Total assets	<u>962,299</u>	<u>683,308</u>	<u>1,645,607</u>
Liabilities:			
Current liabilities:			
Meter deposits	41,529	-	41,529
Cash overdraft	-	418,214	418,214
Due to other funds	-	-	-
Notes payable (Notes 1 & 2)	-	235,274	235,274
Non-current liabilities:			
Notes payable (Notes 1 & 2)	-	-	-
Total liabilities	<u>41,529</u>	<u>653,488</u>	<u>695,017</u>
Net position:			
Net investment in capital assets	368,072	348,234	716,306
Restricted	-	-	-
Unrestricted	552,698	(318,414)	234,284
Total net position	<u>\$ 920,770</u>	<u>\$ 29,820</u>	<u>\$ 950,590</u>

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

TOWN OF VICI
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		
	Public Works Authority (Major)	Vici Nursing Home (Major)	Totals
Revenues:			
Water revenue	\$ 227,744	\$ -	\$ 227,744
Sewer revenue	66,416	-	66,416
Garbage revenue	173,824	-	173,824
Gas revenue	277,381	-	277,381
Late charges	8,961	-	8,961
Patient revenue	-	3,336,585	3,336,585
Miscellaneous revenue	-	-	-
Total revenues	754,326	3,336,585	4,090,911
Operating expense:			
Depreciation	64,644	29,953	94,597
Administrative	545,259	-	545,259
Nursing home salaries	-	2,038,441	2,038,441
Nursing home operations	-	1,924,929	1,924,929
Water service	60,090	-	60,090
Sewer service	6,560	-	6,560
Garbage service	51,349	-	51,349
Gas expense	98,738	-	98,738
Total operating expense	826,640	3,993,323	4,819,963
Income before non-operating revenues, expenses & transfers	(72,314)	(656,738)	(729,052)
Non-operating revenues (expenses):			
Interest revenue	1,318	1,787	3,105
Interest expense	-	(10,017)	(10,017)
Grant revenues	127,049	-	127,049
Total	128,367	(8,230)	120,137
Income (loss) before operating transfers	56,053	(664,968)	(608,915)
Transfers in (out)	30,000	105,756	135,756
Change in net position	86,053	(559,212)	(473,159)
Net position - beginning of year	834,717	589,032	1,423,749
Net position - end of year	\$ 920,770	\$ 29,820	\$ 950,590

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

TOWN OF VICI
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
PROPRIETARY FUNDS
Year Ended June 30, 2024

	Business-type Activities - Enterprise Funds		
	Public Works Authority (Major)	Vici Nursing Home (Major)	Totals
Cash flows from operating activities:			
Cash received from customers & service users	\$ 754,326	\$ 3,336,585	\$ 4,090,911
Cash payments for goods & services & employees	(761,996)	(3,963,370)	(4,725,366)
Net cash provided by operating activities	(7,670)	(626,785)	(634,455)
Cash flows from noncapital financing activities:			
Change in meter deposits	(1,021)	-	(1,021)
Operating transfers in (out) to other funds	30,000	105,756	135,756
Net cash provided (used) for noncapital financing activities	28,979	105,756	134,735
Cash flows from capital and related financing activities:			
Acquisition & construction of capital assets	(151,016)	(13,149)	(164,165)
Proceeds from new debt	-	150,095	150,095
Principal paid on debt	-	(5,137)	(5,137)
Interest paid on debt	-	(10,017)	(10,017)
Net cash provided (used) for capital and related financing activities	(23,967)	121,792	97,825
Cash flows from investing activities:			
(Purchase) liquidation of investments - unrestricted	(247)	-	(247)
Interest on investments	1,318	1,787	3,105
Net cash provided by investing activities	1,071	1,787	2,858
Net increase (decrease) in cash & cash equivalents	(1,587)	(397,450)	(399,037)
Cash and cash equivalents - beginning of year	569,748	(19,964)	549,784
Cash and cash equivalents - end of year	\$ 568,161	\$ (417,414)	\$ 150,747
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ (72,314)	\$ (656,738)	\$ (72,314)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	64,644	29,953	64,644
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	-	-	-
Total adjustments	64,644	29,953	64,644
Net cash provided by operating activities	\$ (7,670)	\$ (626,785)	\$ (7,670)

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

TOWN OF VICI
Vici, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Vici, Oklahoma (the Town) 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 Town 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 Town as well as a further description of departures from governmental GAAP are discussed below.

A. Reporting Entity

The Town of Vici, Oklahoma, was organized under the statutes of the State of Oklahoma. The Town provides the following services as authorized by state statutes: general government, public safety (fire and police), streets, Vici Public Works, judicial, health and social services, culture, parks and recreation, public improvements, and planning and zoning for the geographical area organized as the Town of Vici, Oklahoma.

These financial statements present the activities of the Town and its component units, entities for which the Town is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the Town's operations and so data from these units are combined with the data of the primary government.

In evaluating how to define the Town of Vici, Oklahoma, 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 Town and/or its citizens, or whether the activity is conducted within the geographic boundaries of the Town 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 Town is able to exercise oversight responsibilities.

TOWN OF VICI
Vici, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

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 Town Council or the component unit provides services entirely to the Town. The component unit's funds are blended into those of the Town by appropriate fund type to constitute the primary government presentation. A discretely presented component in it is a separate legal entity that meets the component unit criteria but does not meet the criteria for blending.

Blended Component Units/Trusts:

The Vici Public Works Authority (VPWA) was created pursuant to a Trust Indenture for the benefit of the Town of Vici, Oklahoma. VPWA was established to acquire, construct, develop, equip, operate, maintain, repair, enlarge and remodel water, sewer, gas and electric facilities for the Town of Vici. The water, sanitary sewer, electric, gas, and solid waste disposal systems owned by the Town have been leased to VPWA until such date that all indebtedness of the Authority is retired or provided for. VPWA 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 five trustees identical with the Town Council. VPWA is exempt from State and Federal Income taxes. VPWA is reported as an enterprise fund.

The Vici Nursing Home Authority was created for the benefit of the Town of Vici, Oklahoma. The Vici Nursing Home was established to operate the community owned nursing home facility.

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

The Town's basic financial statements consist of government-wide statements, including a statement of net position and a statement of revenues, expenses and changes in net position, 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 Town of Vici's presentation is on a modified cash basis.

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

The statement of net position presents the governmental and business-type activities at year-end on a modified cash basis. The statement of revenues, expenses and changes in net position presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities and for the business-type activities of the Town. 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 Town, 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 Town.

TOWN OF VICI
Vici, 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)

Fund Financial Statements – During the year, the Town segregates transactions related to certain Town 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 Town 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 Town 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 Town of Vici 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 Town of Vici records governmental fund expenditures as they are paid rather than when the obligation is incurred and revenues when received.

Sales and use taxes, cigarette taxes, gasoline excise taxes and motor vehicle taxes collected and held by the state and county at year-end on behalf of the Town are susceptible to accrual under GAAP but are not recognized as revenue until received under the modified cash basis. Other receipts and taxes (franchise taxes, licenses, etc.) are recognized as revenue when received by the government.

Entitlements and shared revenues are recorded at the time of receipt. 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 Town's major governmental funds:

General Fund – is the main operating fund of the Town. It accounts and reports for all financial resources not required to be reported in another fund.

Other governmental funds of the Town 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 Town's Special Revenue Funds: Street and Alley, Emergency Management, Vehicles, P/D account and Debit Card Account.

TOWN OF VICI
Vici, 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)

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 Town'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 Town records as a modification to the cash basis of accounting.

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 following is the Town's major enterprise fund:

Vici Public Works Authority – accounts for the operations of providing Vici Public Works to the Town.

Vici Nursing Home Authority – accounts for the operations of the community owned nursing home facility.

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 Town does not have a fiduciary fund.

C. Assets, Liabilities and Equity

1. Deposits and Investments

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

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

2. Fair Value of Financial Instruments

The Town's financial instruments include cash and cash equivalents, investments, accounts receivable and accounts payable. The Town's estimates of the fair value of all financial instruments do 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 because of the use of the modified cash basis of accounting.

TOWN OF VICI
Vici, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Equity (Continued)

3. 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. No estimates have been recorded on the modified cash basis of accounting.

4. 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".

5. 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.

6. Capital Assets

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 fair market values as of the date received. The Town maintains a capitalization threshold of \$500. The Town's infrastructure consists of roads, bridges, culverts, curbs and gutter, streets and sidewalks, drainage system, lighting systems and similar assets that are immovable and of value only to the Town. 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.

	Governmental Activities	Business-Type Activities
Description	Estimated Lives	Estimated Lives
Buildings & Improvements	40 - 100 years	40 - 100 years
Plants & Facilities	40 - 100 years	40 - 100 years
Furniture & Major Movable Equipment	10 - 40 years	10 - 40 years
Distribution Systems	10 - 40 years	10 - 40 years
Infrastructure	40 - 100 years	40 - 100 years

TOWN OF VICI
Vici, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Equity (Continued)

7. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation time. Full-time and part time regular employees who have been employed continuously for at least 12 months are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Town. 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.

8. 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.

9. 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, 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.

TOWN OF VICI
Vici, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Equity (Continued)

9. Net Position/Fund Balance (Continued)

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 Town Ordinance is the highest level of decision-making authority of the Town.

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.

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.

10. Resource Use Policy

It is in the Town'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 Town considers restricted amounts to be spent first before any unrestricted amounts are used. Furthermore, it is the Town's policy that when an expenditure/expense is incurred for purposes for which committed, assigned, or unassigned resources, including fund balances, are available, the Town 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 Town held deposits of approximately \$537,921 at financial institutions. The Town'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 Town or by its agent in the Town's name.

Investment Interest Rate Risk

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

TOWN OF VICI
Vici, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

A. Deposits and Investments (Continued)

Investment Credit Risk

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

- 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.
- 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.).

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

Type	Credit Rating	Market Value	Cost
Investments			
Certificate of deposit	N/A	136,225	136,225
Total investments		<u>\$ 136,225</u>	<u>\$ 136,225</u>

Reconciliation to Statement of Net Position	
Governmental activities	\$ 11,159
Business-type activities	125,066
	<u>\$ 136,225</u>

Concentration of Investment Credit Risk

The Town places no limit on the amount it may invest in any one issuer. The Town has the following of credit risk: 100% in Certificates of deposit (\$136,225).

TOWN OF VICI
Vici, 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 6/30/2023	Additions	Disposals	Balance 6/30/2024
Governmental Activities				
Depreciable Assets				
Land	\$ 18,500	\$ -	\$ -	\$ 18,500
Buildings	331,145	102,035	(77,574)	355,606
Equipment	655,323	-	-	655,323
Streets	198,625	-	-	198,625
Total Depreciable Assets*	<u>1,203,593</u>	<u>102,035</u>	<u>(77,574)</u>	<u>1,228,054</u>
Less Accumulated Depreciation				
Buildings	(130,547)	(7,733)	-	(138,280)
Equipment	(449,471)	(43,621)	77,574	(415,518)
Streets	(63,064)	(4,967)	-	(68,031)
Total Accumulated Depreciation	<u>(643,082)</u>	<u>(56,321)</u>	<u>77,574</u>	<u>(621,829)</u>
Net Governmental Assets	<u>560,511</u>	<u>45,714</u>	<u>-</u>	<u>606,225</u>
Depreciable Assets				
Water wells/equipment	216,135	20,500	-	236,635
Machinery & equipment	563,191	130,516	-	693,707
Nursing home equipment	1,065,480	13,149	-	1,078,629
Total Depreciable Assets	<u>1,844,806</u>	<u>164,165</u>	<u>-</u>	<u>2,008,971</u>
Less Accumulated Depreciation				
Water wells/equipment	(97,148)	(10,176)	-	(107,324)
Vehicles	(400,478)	(54,468)	-	(454,946)
Nursing home equipment	(465,168)	(29,953)	-	(495,121)
Total Accumulated Depreciation	<u>(962,794)</u>	<u>(94,597)</u>	<u>-</u>	<u>(1,057,391)</u>
Net Business-Type Activities				
Capital Assets	<u>\$ 882,012</u>	<u>\$ 69,568</u>	<u>\$ -</u>	<u>\$ 951,580</u>

Depreciation expense was charged to unallocated depreciation and not charged as a direct expense of the various programs.

TOWN OF VICI
Vici, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

C. Long-term Debt

Long-term debt of the Town consists of notes payable. Debt service requirements for notes are payable solely from fund balance and future revenues of the Vici Public Works Authority. The following briefly describes these notes payable:

No long-term loans exist in the governmental fund or business-type funds.

Short-term Debt:

During the current fiscal year, the Vici Nursing Home secured financing through a line of credit. This line of credit is collateralized by the certificates of deposit. The balance of the line of credit on June 30, 2024 is \$90,674.

Loan payable to Seiling State Bank, dated July 1, 2023, in the amount of \$150,095 with an interest rate of 5.25%, payable in monthly installments of various amounts, expected to have balloon sum payout.

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

	Balance July 1, 2023	Additions	Payments	Balance June 30, 2024	Current Portion
Loans payable	\$ 90,316	\$150,095	\$ 5,137	\$ 235,274	\$235,274
Total	\$ 90,316	\$150,095	\$ 5,137	\$ 235,274	\$235,274

3. OTHER INFORMATION

A. Risk Management

The Town 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 Town purchases commercial insurance to cover these and other risks, including general auto liability, property damage, and public officials' liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The Town 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 Town is required to pay fees set by the Plan according to an established payment schedule. The Town is responsible for complying with all requirements of the Oklahoma Workers' Compensation Act. A Loss Fund has been established from the proceeds of fees paid by the Town. The Town expensed these fees when paid. The State Insurance Fund provides coverage in excess of the Loss Fund so the Town'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.

TOWN OF VICI
Vici, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

3. OTHER INFORMATION (Continued)

B. Contingent Liabilities

The Town is a defendant in ongoing litigation and various legal actions arising from normal governmental activities. Although most of such actions are covered by insurance, certain actions might have some degree of exposure to the Town. The outcome of these lawsuits is not presently determinable, and it is not known if the resolution of these matters will have a material adverse effect on the financial condition of the Town.

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 Town expects such amounts, if any, to be immaterial.

C. Employee Retirement System and Other Benefit Plans

The Town participates in two employee pension systems as follows:

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

Oklahoma Public Employees Retirement System – Defined Benefit Plan

Oklahoma Firefighters Pension & Retirement Plan

Plan Description – The Town of Vici, 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.

Benefits for members hired after 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 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 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.

TOWN OF VICI
Vici, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2024

3. OTHER INFORMATION (Continued)

C. Employee Retirement System and Other Benefit Plans (Continued)

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 per volunteer. The required contribution from the Town for this plan was \$1,320, \$1,320 and \$1,140 for 2024, 2023 and 2022, respectively.

Oklahoma Public Employees Retirement System (OPERS)

Plan Description – The Town of Vici, as the employer, participates in Oklahoma Public Employees Retirement Plan — a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Title 74 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the OPERS. OPERS issues a publicly available financial report that can be obtained at www.opers.ok.gov. Benefits are established or amended by the Town Council in accordance with O.S. Title 11, Section 48-101-102.

Benefits provided – OPERS provides retirement, disability, and death benefits to members of the plan. Members qualify for full retirement benefits at their specified normal retirement age or, for any person who became a member prior to July 1, 1992, when the sum of the member's age and years of credited service equals or exceeds 80 (Rule of 80), and for any person who became a member after June 30, 1992, when the member's age and years of credited service equals or exceeds 90 (Rule of 90). Normal retirement date is further qualified to require that all members employed on or after January 1, 1983 must have six or more years of full-time equivalent employment with a participating employer before being eligible to receive benefits. Credited service is the sum of participating and prior service. Prior service includes nonparticipating service before January 1, 1975, or the entry date of the employer and active wartime military service.

A member with a minimum of ten years of participating service may elect early retirement with reduced benefits beginning at age 55 if the participant became a member prior to November 1, 2011, or age 60 if the participant became a member on or after November 1, 2011.

Benefits are calculated for each member category as follows:

Employees: Benefits are determined at 2% of the average annual salary received during the highest thirty-six months of the last ten years of participating service, but not to exceed the applicable annual salary cap, multiplied by the number of years of credited service. Members who join OPERS on or after July 1, 2013, will have their salary averaged over the highest 60 months of the last ten years. Normal retirement age under the Plan is 62 or Rule of 80/90 if the participant became a member prior to November 1, 2011, or age 65 or Rule of 90 if the participant became a member on or after November 1, 2011.

Members who elect to pay the additional contribution rate, which became available in January 2004, will receive benefits using a 2.5% computation factor for each full year the additional contributions are made. In 2004, legislation was enacted to provide an increased benefit to retiring members who were not yet eligible for Medicare. The Medicare Gap benefit option became available to members under age 65 who retired on or after May 1, 2006. Members may elect to receive a temporary increased benefit to cover the cost of health insurance premiums until the member is eligible to receive Medicare. After the member becomes eligible for Medicare, the retirement benefit will be permanently reduced by an actuarially determined amount. The option is irrevocable, must be chosen prior to retirement, and is structured to have a neutral actuarial cost to the Plan.

**TOWN OF VICI
Vici, Oklahoma**

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

3. OTHER INFORMATION (Continued)

C. Employee Retirement System and Other Benefit Plans (Continued)

Members become eligible to vest fully upon termination of employment after attaining eight years of credited service, or the members' contributions may be withdrawn upon termination or employment.

Disability retirement benefits are available for members having eight years of credited service whose disability status has been certified as being within one year of the last day on the job by the Social Security Administration. Disability retirement benefits are determined in the same manner as retirement benefits, but payable immediately without an actuarial reduction.

Upon the death of an active member, the accumulated contributions of the member are paid to the member's named beneficiary(ies) in a single lump sum payment. If a retired member elected a joint annuitant survivor option or an active member was eligible to retire with either reduced or unreduced benefits or eligible to vest the retirement benefit at the time of death, benefits can be paid in monthly payments over the life of the spouse if the spouse so elects.

Upon the death of a retired member, the Plan will pay a \$5,000 death benefit to the member's beneficiary or estate of the member if there is no living beneficiary. The death benefit will be paid in addition to any excess employee contributions or survivor benefits due to the beneficiary.

Contribution Requirements

The Town Council has the authority to set and amend contribution rates by ordinance for the OPERS defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 14%, 14% and 14% of covered payroll for June 30, 2024, 2023 and 2022. For the year ended June 30, 2024, 2023 and 2022, the Town recognized \$231,117, \$39,286 and \$32,790, of employer contributions to the plan, respectively, which equals the actuarially determined amount based on covered payroll.

TOWN OF VICI
Vici, Oklahoma

OTHER SUPPLEMENTARY INFORMATION
June 30, 2024

TOWN OF VICI
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
MODIFIED CASH BASIS
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2024

	Special Revenue Funds					Total
	Street & Alley Fund	Emergency Management	Vehicle	P/D Account	Debit Card	Non-Major Governmental Funds
Assets:						
Cash and equivalents	\$ 27,101 \$	7,750 \$	10,430 \$	565 \$	533 \$	46,379
Investments at cost	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	<u>\$ 27,101 \$</u>	<u>7,750 \$</u>	<u>10,430 \$</u>	<u>565 \$</u>	<u>533 \$</u>	<u>46,379</u>
Liabilities:						
Cash overdraft	\$ - \$	- \$	- \$	- \$	- \$	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Restricted	27,101	7,750	10,430	565	533	46,379
Total fund balances	<u>27,101</u>	<u>7,750</u>	<u>10,430</u>	<u>565</u>	<u>533</u>	<u>46,379</u>
Total liabilities and fund balances	<u>\$ 27,101 \$</u>	<u>7,750 \$</u>	<u>10,430 \$</u>	<u>565 \$</u>	<u>533 \$</u>	<u>46,379</u>

TOWN OF VICI
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2024

	Special Revenue					Total
	Street & Alley Fund	Emergency Management	Vehicle	P/D Account	Debit Card	Non-Major Governmental Funds
Revenues:						
Intergovernmental programs	\$ 5,455	\$ -	\$ -	\$ -	\$ -	5,455
Charges for services	-	-	-	-	-	-
Interest	66	-	19	-	-	85
Fines and forfeits	-	-	-	-	-	-
Grant revenues	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-
Total revenues	\$ 5,521	\$ -	\$ 19	\$ -	\$ -	5,540
Expenditures:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	-
General government	-	-	-	-	298	298
Highways, roads & airport	4,398	-	-	-	-	4,398
Cultural & recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	4,398	-	-	-	298	4,696
Excess of revenues over (under) expenditures	1,123	-	19	-	(298)	844
Other financing uses:						
Operating transfers in (out)	-	600	6,000	290	-	6,890
Excess of revenues over (under) expenditures & transfers	1,123	600	6,019	290	(298)	7,734
Fund balance - beginning of year	25,978	7,150	4,411	275	831	38,645
Fund balance - end of year	\$ 27,101	\$ 7,750	\$ 10,430	\$ 565	\$ 533	\$ 46,379

TOWN OF VICI
Vici, Oklahoma

OTHER INFORMATION
June 30, 2024

TOWN OF VICI
OTHER INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (MODIFIED CASH BASIS) AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2024
(Unaudited)

GENERAL FUND

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
	Budget	Budget		Over (Under)
Revenues:				
Charges for services	\$ 5,508	\$ 5,508	\$ 6,000	\$ 492
Cigarette taxes	2,027	2,027	2,165	138
Franchise fees	21,294	21,294	23,896	2,602
Fines and forfeits	-	-	3,121	3,121
Grant revenues	10,000	10,000	87,279	77,279
Interest	309	309	983	674
Intergovernmental programs	41,586	41,586	44,044	2,458
Licenses and permits	-	-	-	-
Miscellaneous revenue	22,293	22,293	8,343	(13,950)
Sales and use taxes	351,114	351,114	423,025	71,911
Total revenues	<u>454,131</u>	<u>454,131</u>	<u>598,856</u>	<u>144,725</u>
Expenditures:				
Current:				
General government	226,591	226,591	266,380	(39,789)
Public safety	118,140	118,140	75,373	42,767
Highways, roads, & airport	10,780	10,780	10,378	402
Cultural & recreational	7,000	7,000	6,676	324
Capital outlay	10,000	10,000	102,035	(92,035)
Total expenditures	<u>372,511</u>	<u>372,511</u>	<u>460,842</u>	<u>(88,331)</u>
Excess of revenue over				
(under) expenditures	81,620	81,620	138,014	56,394
Other financing sources (uses):				
Operating transfers in (out)	<u>(77,532)</u>	<u>(77,532)</u>	<u>(142,646)</u>	<u>(65,114)</u>
Net changes in fund balance	4,088	4,088	(4,632)	(8,720)
Fund balance - beginning of year	<u>220,361</u>	<u>220,361</u>	<u>220,361</u>	<u>-</u>
Fund balance at end of year	<u>\$ 224,449</u>	<u>\$ 224,449</u>	<u>\$ 215,729</u>	<u>\$ (8,720)</u>

TOWN OF VICI
OTHER INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (MODIFIED CASH BASIS) AND ACTUAL
GOVERNMENTAL FUNDS
Year Ended June 30, 2024
(Unaudited)

SPECIAL REVENUE FUNDS

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
	Budget	Budget		Over (Under)
Revenues:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Interest	-	-	85	85
Fines and forfeits	-	-	-	-
Grant revenues	-	-	-	-
Intergovernment programs	3,816	3,816	5,455	1,639
Miscellaneous	-	-	-	-
Total revenues	<u>3,816</u>	<u>3,816</u>	<u>5,540</u>	<u>1,724</u>
Expenditures:				
Current:				
General government	300	300	298	2
Public safety	-	-	-	-
Highways, roads, & airport	4,500	4,500	4,398	102
Cultural & recreational	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>4,800</u>	<u>4,800</u>	<u>4,696</u>	<u>104</u>
Excess of revenue over				
(under) expenditures	(984)	(984)	844	1,828
Other financing sources (uses):				
Operating transfers in (out)	-	-	6,890	6,890
Net changes in fund balance	(984)	(984)	7,734	8,718
Fund balance - beginning of year	<u>38,645</u>	<u>38,645</u>	<u>38,645</u>	<u>-</u>
Fund balance - end of year	<u>\$ 37,661</u>	<u>\$ 37,661</u>	<u>\$ 46,379</u>	<u>\$ 8,718</u>

TOWN OF VICI
Vici, Oklahoma

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

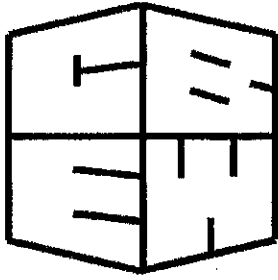
BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with the modified cash basis of accounting. 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 Town Administrator (not an elected official) submits a proposed operating budget for the fiscal year commencing July 1, to the Commissioners (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 Town 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.

TOWN OF VICI
Vici, Oklahoma

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



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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

October 2, 2024

Honorable Board of Town Commissioners
Town of Vici
Vici, 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 Town of Vici, Oklahoma, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Vici, Oklahoma's basic financial statements, and have issued our report thereon dated October 2, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses as finding 2024-001.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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*.

Town's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 report is not suitable for any other purpose.

CBEW Professional Group, LLP

CBEW Professional Group, LLP
Certified Public Accountants

**TOWN OF VICI
Vici, 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 Town'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 reconciling the monthly bank statements. In addition, the same individual that receives payments is also responsible for billing and adjustment, and posting payments to subsidiary accounts receivable ledger. This finding was also noted in 2023.

Cause: The Town'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 Town concurs with the recommendation, although, the cost to correct this condition might exceed the benefit, the Town will strive to make changes in procedures that will improve the overall lack of segregation of duties.