



# **CITY OF STROUD, OKLAHOMA**

## **ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS**

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

# CITY OF STROUD, OKLAHOMA

## LIST OF PRINCIPAL OFFICIALS

### City Council

Kyle Anderson  
Debbie Garnett  
Gary Babinec  
Raphe Thompson  
Marvin Hudson

Mayor  
Vice Mayor  
Councilman  
Councilman  
Councilman

Bob Pearman

City Manager

Gayle Thornton

City Clerk

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## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and Members of the City Council  
City of Stroud, Oklahoma

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

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Stroud, Oklahoma ("the 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 financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***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 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **INDEPENDENT AUDITOR'S REPORT - Continued**

### ***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'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'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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the pension plan information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **INDEPENDENT AUDITOR'S REPORT - Continued**

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, debt service coverage schedules, and state awards information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the debt service coverage schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 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 the 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 City's internal control over financial reporting and compliance.

***Dillon & Associates, PC***

Midwest City, Oklahoma  
October 21, 2024

**Management's Discussion and Analysis**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

As management of the City of Stroud, we offer readers this narrative overview and analysis of the financial activities of the City of Stroud for the fiscal year ended June 30, 2024. We encourage readers to use this information in conjunction with the City's financial statements, which follow this section.

**FINANCIAL AND ACTIVITY HIGHLIGHTS**

- For the fiscal year ended June 30, 2024, the City's total net position increased by \$2,068,129 from the prior year to a total of \$24,982,716.
- During the year, the City's expenses for governmental activities were \$3,495,849 and were funded by program revenues and grant revenues of \$639,459 and further funded with taxes and other general net revenues that totaled \$6,111,975.
- In the City's business-type activities, such as utilities, had operating income of \$16,424.
- At June 30, 2024, the General Fund reported an unassigned fund balance of \$1,460,480.
- For budgetary reporting purposes, the General Fund reported revenues short of estimates by \$36,415, while expenditures were under the final appropriations by approximately \$55,410.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements presented herein include all of the activities of the City of Stroud (the "City") and its component unit using the integrated approach as prescribed by GASB Statement No. 14, 34, 39 and 61. Included in this report are government-wide statements for two categories of activities - governmental and business-type activities.

The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type of activities separately and combined. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. These statements include all of the assets of the City (including infrastructure capital assets) as well as all liabilities (including all long-term debt), along with any inflows and outflows that are deferred.

***About the City***

The City of Stroud is a municipality with a population of approximately 2,859 located in central Oklahoma. The City is a Council-Manager form of government that provides for three branches of government:

- Legislative - The City Council is the governing body elected by the citizens.
- Executive - The City Manager is the Chief Executive Officer and is appointed by the City Council.
- Judicial - The Municipal Judge is a practicing attorney appointed by the City Mayor and approved by the City Council.

The City provides or contracts for typical municipal services such as public safety, street maintenance, culture, parks and recreation, and certain utility services including electric, water, wastewater, and sanitation.

**Management's Discussion and Analysis  
City of Stroud, Oklahoma  
June 30, 2024**

***The City's Financial Reporting Entity***

This annual report includes all activities for which the City of Stroud City Council is fiscally responsible. These activities, defined as the City's financial reporting entity, are operated within separate legal entities that make up the primary government.

The City's financial reporting entity includes the primary government (City of Stroud). One active blended component unit and two discretely presented component unit as follows:

- The City of Stroud - that operates the public safety, streets, culture, parks and recreation, and administrative activities
- The Stroud Utilities Authority (SUA) - that operates or contracts for the electric, water, sewer, sanitation and golf course and lake services of the City (blended component unit).
- The Stroud Industrial Authority (SIA) - that promotes and finances economic development (discretely presented component unit)
- The Stroud Hospital and Development Authority (SHDA) - that promotes and finances economic development (discretely presented component unit)

**Using This Annual Report**

This annual report is presented in a format that substantially meets the presentation requirements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting principles. The presentation includes financial statements that communicate the City's financial condition and changes therein on the accrual basis of accounting at two district levels:

- The City as a Whole (a government-wide presentation)
- The City's Funds (a presentation of the City's major and aggregate non-major funds)

**REPORTING ON THE CITY AS A WHOLE**

***The Statement of Net Position and the Statement of Activities***

One of the most frequently asked questions about the City's finances is, "Has the City's overall financial condition improved, declined, or remained steady over the past year?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report on the City's net position and changes in net position from the prior year. You can think of the City's net position - the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources - as one way to measure the City's financial condition, or position.

Over time, increases or decreases in the City's net position are one indicator of whether the financial position of the City is improving, deteriorating, or remaining steady. However, you must consider other non-financial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health and performance of the City.

**Management's Discussion and Analysis**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

The Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental activities** - Most of the City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- **Business-type activities** - The City's activities that charge a fee to customers to help cover all or most of the cost of certain services it provides. The City's electric, water, wastewater and sanitation utilities are reported here.
- **Discretely-presented component units** - These account for activities of the City's reporting entity that do not meet the criteria for blending and it includes SIA and SHDA.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

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

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

***Governmental funds*** - Most of the City's basic services are reported in governmental funds. Governmental fund financial statements are prepared on the modified accrual basis. Under the modified accrual basis, revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred, with the exception of long-term debt and other similar items which are recorded when due. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basis of service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to the Government-Wide financial statements are explained in a reconciliation following each Government Fund financial statement.

***Proprietary fund*** - When the City charges customers for the services it provides - whether to outside customers or to other units of the City - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. In fact, the City's enterprise funds are essentially the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

The City uses enterprise funds to account for its water, wastewater, and sanitation utility operations.

***Notes to the Financial Statements***

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The notes to the Financial Statements can be found following the Statement of Cash Flows for Proprietary Funds.

**Management's Discussion and Analysis**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the primary government, assets and deferred outflows exceeded liabilities and deferred inflows by \$24,982,716 at the close of the most recent fiscal year.

The following table is a summary comparison of changes in net position from last year for the City:

Table 1  
Net Position (In Thousands)

	Governmental			Business-type			Total		
	<u>Activities</u>		% Inc.	<u>Activities</u>		% Inc.	<u>Primary Government</u>		% Inc.
	<u>2024</u>	<u>2023</u>	(Dec.)	<u>2024</u>	<u>2023</u>	(Dec.)	<u>2024</u>	<u>2023</u>	(Dec.)
Current and									
other assets	\$ 3,404	3,449	-1%	3,476	5,271	-34%	6,880	8,720	-21%
Capital assets	<u>12,593</u>	<u>9,904</u>	27%	<u>10,839</u>	<u>11,175</u>	-3%	<u>23,432</u>	<u>21,079</u>	11%
Total assets	<u>15,997</u>	<u>13,353</u>	20%	<u>14,315</u>	<u>16,446</u>	-13%	<u>30,312</u>	<u>29,799</u>	2%
Deferred outflow of resources	<u>1,110</u>	<u>685</u>		<u>381</u>	<u>637</u>		<u>1,491</u>	<u>1,322</u>	
Long-term debt									
outstanding	434	500	-13%	4,220	4,988	-15%	4,654	5,488	-15%
Other liabilities	<u>133</u>	<u>166</u>	-20%	<u>1,369</u>	<u>1,706</u>	-20%	<u>1,502</u>	<u>1,872</u>	-20%
Total liabilities	<u>567</u>	<u>666</u>	-15%	<u>5,589</u>	<u>6,694</u>	-17%	<u>6,156</u>	<u>7,360</u>	-16%
Deferred inflow of resources	<u>465</u>	<u>552</u>		<u>200</u>	<u>294</u>		<u>665</u>	<u>846</u>	
Net position:									
Invested in capital									
assets, net of debt	12,446	9,730	28%	7,076	8,322	-15%	19,522	18,052	8%
Restricted	<u>1,847</u>	<u>1,742</u>	6%	<u>424</u>	<u>440</u>	-4%	<u>2,271</u>	<u>2,182</u>	4%
Unrestricted (deficit)	<u>1,782</u>	<u>1,348</u>	32%	<u>1,407</u>	<u>1,333</u>	6%	<u>3,189</u>	<u>2,681</u>	19%
Total net position	\$ <u>16,075</u>	<u>12,820</u>	25%	<u>8,907</u>	<u>10,095</u>	-12%	<u>24,982</u>	<u>22,915</u>	9%

A portion of the City's net position reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). For 2024, this net investment in capital assets amounted to \$19,522,031. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another large portion of the City's net position, \$2,271,429, represents resources that are subject to external restrictions on how it might be used. The remaining balance of unrestricted net position of \$3,189,256 is available to meet the government's ongoing obligations to citizens and creditors.

**Management's Discussion and Analysis**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**Change in Net Position**

For the year ended June 30, 2024, net position of the primary government changed as follows:

Table 2  
Changes in Net Position (In Thousands)

	Governmental			Business-type			Total		
	<u>Activities</u>		<u>% Inc.</u>	<u>Activities</u>		<u>% Inc.</u>	<u>Primary Government</u>		<u>% Inc.</u>
	<u>2024</u>	<u>2023</u>	<u>(Dec.)</u>	<u>2024</u>	<u>2023</u>	<u>(Dec.)</u>	<u>2024</u>	<u>2023</u>	<u>(Dec.)</u>
<b>Revenues</b>									
Charges for services \$	328	338	-3%	7,788	6,915	13%	8,116	7,253	12%
Operating grants	105	17	518%	-	-	-	105	17	518%
Capital grants	206	1,148	0%	-	7	-	206	1,155	0%
Sales and use taxes	2,691	2,342	15%	-	-	-	2,691	2,342	15%
Franchise tax (fees)	31	37	-16%	-	-	-	31	37	-16%
Other taxes	197	241	-18%	-	-	-	197	241	-18%
Investment income	102	52	96%	105	90	17%	207	142	46%
Other	130	64	103%	656	269	0%	786	333	136%
Total revenues	<u>3,790</u>	<u>4,239</u>	<u>-11%</u>	<u>8,549</u>	<u>7,281</u>	<u>17%</u>	<u>12,339</u>	<u>11,520</u>	<u>7%</u>
<b>Expenses</b>									
General government	706	361	96%	-	-	-	706	361	96%
Public safety	1,145	1,338	-14%	-	-	-	1,145	1,338	-14%
Public works	1,037	769	35%	-	-	-	1,037	769	35%
Cultural & recreation	608	447	36%	-	-	-	608	447	36%
Electric	-	-	-	4,623	4,473	3%	4,623	4,473	3%
Water	-	-	-	862	747	15%	862	747	15%
Sewer	-	-	-	870	458	90%	870	458	90%
Sanitation	-	-	-	598	459	30%	598	459	30%
Golf course	-	-	-	355	334	6%	355	334	6%
Lake	-	-	-	537	263	104%	537	263	104%
Assisted living center	-	-	-	63	-	-	63	-	-
Total expenses	<u>3,496</u>	<u>2,915</u>	<u>20%</u>	<u>7,908</u>	<u>6,734</u>	<u>17%</u>	<u>11,404</u>	<u>9,649</u>	<u>18%</u>
<b>Increase in net position</b>									
before transfers	294	1,324	-78%	641	547	17%	935	1,871	-50%
Transfers	382	(99)		(382)	99	-486%	-	-	-
Transfers - SHDA	-	-	-	275	281	-2%	275	281	-
Capital contributions	<u>2,579</u>	<u>(723)</u>	<u>-457%</u>	<u>(1,722)</u>	<u>723</u>	<u>-338%</u>	<u>857</u>	<u>-</u>	<u>-</u>
<b>Change in net position</b>	<u>3,255</u>	<u>502</u>	<u>0%</u>	<u>(1,188)</u>	<u>1,650</u>	<u>-172%</u>	<u>2,067</u>	<u>2,152</u>	<u>-4%</u>

**Management's Discussion and Analysis**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**Change in Net Position - Continued**

*Governmental Activities:*

Operating grants and contributions - includes recognition of FAA airport grant revenues of \$214,088; OAC airport grant revenues of \$354,707; and other smaller grant awards.

Investment income - investment income for 2024 was \$206,612 compared to \$142,299 for 2023 due to increased interest rates and funds available for interest earnings.

Governmental activity expenses - increased to \$3,495,849 in 2024 compared to \$2,914,842 in 2023 due to general increase in prices and payroll.

**GOVERNMENTAL ACTIVITIES**

Under Governmental Activities, the public safety expense includes pension income (expense) from the City's proportionate share of the Oklahoma Police Pension and Retirement Fund and the Oklahoma Firefighter's Pension and Retirement Fund. The annual pension plan estimates can cause significant fluctuations in public safety expense.

To aid in the understanding of the Statement of Activities on page 2 of the Basic Financial Statements, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenditures, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

**Table 3**  
**Net Revenues (Expenses) of Governmental Activities (In Thousands)**

	Total Expenses of Services		% Inc. (Dec.)	Net Revenue (Expenses) of Services		% Inc. (Dec.)
	2024	2023		2024	2023	
General government	\$ 706	361	96%	(632)	496	-227%
Public safety	1,145	1,338	-14%	(877)	(765)	15%
Public works	1,037	769	35%	(823)	(769)	7%
Cultural & recreation	608	447	36%	(524)	(374)	40%
<b>Total</b>	<b>3,496</b>	<b>2,915</b>	<b>20%</b>	<b>(2,856)</b>	<b>(1,412)</b>	<b>102%</b>

Explanations for significant changes are shown after Table 2.

**Management's Discussion and Analysis**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**BUSINESS-TYPE ACTIVITIES**

The City's business-type activities include utility services for water, sewer, and sanitation.

Table 5  
Net Revenues (Expenses) of Business-Type Activities (In Thousands)

	Total Expenses of Services		% Inc. (Dec.)	Net Revenue (Expenses) of Services		% Inc. (Dec.)
	2024	2023		2024	2023	
Electric	\$ 4,623	4,473	3%	1,467	832	76%
Water	862	747	15%	(192)	(37)	419%
Wastewater	870	458	90%	(538)	(116)	364%
Sanitation	597	459	30%	(100)	(79)	27%
Golf course	355	334	6%	(220)	(205)	7%
Lake	537	263	104%	(474)	(207)	129%
Assisted living center	63	-	0%	(63)	-	#DIV/0!
<b>Total</b>	<b>7,907</b>	<b>6,734</b>	<b>17%</b>	<b>(120)</b>	<b>188</b>	<b>-164%</b>

Explanations for significant changes are shown after Table 2.

**A FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As the City completed its 2024 fiscal year, the governmental funds reported a combined fund balance of \$3,304,651 a decrease of \$26,326 from the prior year.

The proprietary fund reported a combined net position of \$8,907,423 a decrease of \$1,187,456 from the prior year. The largest item was a capital contribution to the governmental activities fixed assets of \$1,721,905 for street improvements.

***General Fund Budgetary Highlights***

Actual revenues and transfers in were under final estimates by \$36,415. Expenditures were under final appropriations by \$55,410.

**Management's Discussion and Analysis**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of June 30, 2024, the City had \$23,431,324 invested in capital assets, net of depreciation, including land, buildings, machinery and equipment, park facilities, water, sewer and stormwater systems, roads, and bridges. This represents a net increase of \$2,352,568 over last year.

Table 4  
**Primary Government Capital Assets**  
**(In Thousands)**  
**(Net of Accumulated Depreciation)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Construction in progress	\$ -	578	-	568	-	1,146
Land	751	751	-	-	751	751
Buildings	3,651	2,266	4,591	4,591	8,242	6,857
Machinery and equipment	1,404	1,379	1,636	1,551	3,040	2,930
Vehicles	2,282	2,266	455	455	2,737	2,721
Infrastructure	16,447	14,092	21,460	20,649	37,907	34,741
Less: Accumulated depreciation	(11,942)	(11,428)	(17,303)	(16,639)	(29,245)	(28,067)
Total capital assets, net	\$ <u>12,593</u>	<u>9,904</u>	<u>10,839</u>	<u>11,175</u>	<u>23,432</u>	<u>21,079</u>

Major capital asset events during the current fiscal year included the following:

- Street improvements.
- Airport construction.
- Oklahoma Turnpike Authority project.

**Management's Discussion and Analysis**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

***Long-term Debt***

At year-end, the City had \$4,622,460 in long-term debt outstanding, excluding accrued compensated absences, due to depositors and net pension liability, which represents a \$810,401 decrease from the prior year.

Table 6  
**Outstanding Debt**  
**(In Thousands)**

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	2024	2023	2024	2023	2024	2023
Notes payable	\$ 145	174	4,478	5,259	4,623	5,433
Other debt	-	-	-	-	-	-
Totals	\$ 145	174	4,478	5,259	4,623	5,433

See Note 7 to the financial statements for more detailed information on the City's long-term debt and changes therein.

**ECONOMIC OUTLOOK**

- The unemployment rate for the Oklahoma City metropolitan area which includes Stroud is currently 3.5 percent, which is a decrease of 0.2 percent from a year ago. This compares favorably to the state's average unemployment rate of 3.4 percent and favorably to the national average rate of 4.1 percent.
- Inflationary trends in the region compare favorably to national indices.
- The City's major source of revenue is sales and use tax revenue. Sales and use tax revenue increased by \$349,250 or 14.9% over the prior year total.

All of these factors were considered in preparing the City's budget for the 2024-2025 fiscal year.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, bond rating agencies and creditors with a general overview of the City's finances reflecting the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Office at 220 W. 2nd, Stroud, Oklahoma 74079.

**Management's Discussion and Analysis  
City of Stroud, Oklahoma  
June 30, 2024**

As management of the City of Stroud, we offer readers this narrative overview and analysis of the financial activities of the City of Stroud for the fiscal year ended June 30, 2024. We encourage readers to use this information in conjunction with the City's financial statements, which follow this section.

**FINANCIAL AND ACTIVITY HIGHLIGHTS**

- For the fiscal year ended June 30, 2024, the City's total net position increased by \$2,150,479 from the prior year to a total of \$25,065,066.
- During the year, the City's expenses for governmental activities were \$3,495,849 and were funded by program revenues and grant revenues of \$639,459 and further funded with taxes and other general net revenues that totaled \$6,111,975.
- In the City's business-type activities, such as utilities, had operating income of \$16,424.
- At June 30, 2024, the General Fund reported an unassigned fund balance of \$1,460,480.
- For budgetary reporting purposes, the General Fund reported revenues short of estimates by \$36,415, while expenditures were under the final appropriations by approximately \$55,410.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements presented herein include all of the activities of the City of Stroud (the "City") and its component unit using the integrated approach as prescribed by GASB Statement No. 14, 34, 39 and 61. Included in this report are government-wide statements for two categories of activities - governmental and business-type activities.

The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type of activities separately and combined. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. These statements include all of the assets of the City (including infrastructure capital assets) as well as all liabilities (including all long-term debt), along with any inflows and outflows that are deferred.

***About the City***

The City of Stroud is a municipality with a population of approximately 2,859 located in central Oklahoma. The City is a Council-Manager form of government that provides for three branches of government:

- Legislative - The City Council is the governing body elected by the citizens.
- Executive - The City Manager is the Chief Executive Officer and is appointed by the City Council.
- Judicial - The Municipal Judge is a practicing attorney appointed by the City Mayor and approved by the City Council.

The City provides or contracts for typical municipal services such as public safety, street maintenance, culture, parks and recreation, and certain utility services including electric, water, wastewater, and sanitation.

**Management's Discussion and Analysis  
City of Stroud, Oklahoma  
June 30, 2024**

***The City's Financial Reporting Entity***

This annual report includes all activities for which the City of Stroud City Council is fiscally responsible. These activities, defined as the City's financial reporting entity, are operated within separate legal entities that make up the primary government.

The City's financial reporting entity includes the primary government (City of Stroud). One active blended component unit and two discretely presented component unit as follows:

- The City of Stroud - that operates the public safety, streets, culture, parks and recreation, and administrative activities
- The Stroud Utilities Authority (SUA) - that operates or contracts for the electric, water, sewer, sanitation and golf course and lake services of the City (blended component unit).
- The Stroud Industrial Authority (SIA) - that promotes and finances economic development (discretely presented component unit)
- The Stroud Hospital and Development Authority (SHDA) - that promotes and finances economic development (discretely presented component unit)

**Using This Annual Report**

This annual report is presented in a format that substantially meets the presentation requirements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting principles. The presentation includes financial statements that communicate the City's financial condition and changes therein on the accrual basis of accounting at two district levels:

- The City as a Whole (a government-wide presentation)
- The City's Funds (a presentation of the City's major and aggregate non-major funds)

**REPORTING ON THE CITY AS A WHOLE**

***The Statement of Net Position and the Statement of Activities***

One of the most frequently asked questions about the City's finances is, "Has the City's overall financial condition improved, declined, or remained steady over the past year?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report on the City's net position and changes in net position from the prior year. You can think of the City's net position - the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources - as one way to measure the City's financial condition, or position.

Over time, increases or decreases in the City's net position are one indicator of whether the financial position of the City is improving, deteriorating, or remaining steady. However, you must consider other non-financial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health and performance of the City.

**Management's Discussion and Analysis**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

The Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental activities** - Most of the City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- **Business-type activities** - The City's activities that charge a fee to customers to help cover all or most of the cost of certain services it provides. The City's electric, water, wastewater and sanitation utilities are reported here.
- **Discretely-presented component units** - These account for activities of the City's reporting entity that do not meet the criteria for blending and it includes SIA and SHDA.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

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

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

***Governmental funds*** - Most of the City's basic services are reported in governmental funds. Governmental fund financial statements are prepared on the modified accrual basis. Under the modified accrual basis, revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred, with the exception of long-term debt and other similar items which are recorded when due. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basis of service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to the Government-Wide financial statements are explained in a reconciliation following each Government Fund financial statement.

***Proprietary fund*** - When the City charges customers for the services it provides - whether to outside customers or to other units of the City - these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. In fact, the City's enterprise funds are essentially the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

The City uses enterprise funds to account for its water, wastewater, and sanitation utility operations.

***Notes to the Financial Statements***

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The notes to the Financial Statements can be found following the Statement of Cash Flows for Proprietary Funds.

**Management's Discussion and Analysis**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the primary government, assets and deferred outflows exceeded liabilities and deferred inflows by \$24,982,716 at the close of the most recent fiscal year.

The following table is a summary comparison of changes in net position from last year for the City:

Table 1  
Net Position (In Thousands)

	Governmental			Business-type			Total		
	<u>Activities</u>		% Inc.	<u>Activities</u>		% Inc.	<u>Primary Government</u>		% Inc.
	<u>2024</u>	<u>2023</u>	(Dec.)	<u>2024</u>	<u>2023</u>	(Dec.)	<u>2024</u>	<u>2023</u>	(Dec.)
Current and									
other assets	\$ 3,404	3,449	-1%	3,476	5,271	-34%	6,880	8,720	-21%
Capital assets	<u>12,593</u>	<u>9,904</u>	27%	<u>10,839</u>	<u>11,175</u>	-3%	<u>23,432</u>	<u>21,079</u>	11%
Total assets	<u>15,997</u>	<u>13,353</u>	20%	<u>14,315</u>	<u>16,446</u>	-13%	<u>30,312</u>	<u>29,799</u>	2%
Deferred outflow of resources	<u>1,110</u>	<u>685</u>		<u>381</u>	<u>637</u>		<u>1,491</u>	<u>1,322</u>	
Long-term debt									
outstanding	434	500	-13%	4,220	4,988	-15%	4,654	5,488	-15%
Other liabilities	<u>133</u>	<u>166</u>	-20%	<u>1,369</u>	<u>1,706</u>	-20%	<u>1,502</u>	<u>1,872</u>	-20%
Total liabilities	<u>567</u>	<u>666</u>	-15%	<u>5,589</u>	<u>6,694</u>	-17%	<u>6,156</u>	<u>7,360</u>	-16%
Deferred inflow of resources	<u>465</u>	<u>552</u>		<u>200</u>	<u>294</u>		<u>665</u>	<u>846</u>	
Net position:									
Invested in capital									
assets, net of debt	12,446	9,730	28%	7,076	8,322	-15%	19,522	18,052	8%
Restricted	<u>1,847</u>	<u>1,742</u>	6%	<u>424</u>	<u>440</u>	-4%	<u>2,271</u>	<u>2,182</u>	4%
Unrestricted (deficit)	<u>1,782</u>	<u>1,348</u>	32%	<u>1,407</u>	<u>1,333</u>	6%	<u>3,189</u>	<u>2,681</u>	19%
Total net position	\$ <u>16,075</u>	<u>12,820</u>	25%	<u>8,907</u>	<u>10,095</u>	-12%	<u>24,982</u>	<u>22,915</u>	9%

A portion of the City's net position reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). For 2024, this net investment in capital assets amounted to \$19,522,031. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another large portion of the City's net position, \$2,271,429, represents resources that are subject to external restrictions on how it might be used. The remaining balance of unrestricted net position of \$3,189,256 is available to meet the government's ongoing obligations to citizens and creditors.

**Management's Discussion and Analysis**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**Change in Net Position**

For the year ended June 30, 2024, net position of the primary government changed as follows:

**Table 2**  
**Changes in Net Position (In Thousands)**

	Governmental			Business-type			Total		
	<u>Activities</u>		<u>% Inc.</u>	<u>Activities</u>		<u>% Inc.</u>	<u>Primary Government</u>		<u>% Inc.</u>
	<u>2024</u>	<u>2023</u>	<u>(Dec.)</u>	<u>2024</u>	<u>2023</u>	<u>(Dec.)</u>	<u>2024</u>	<u>2023</u>	<u>(Dec.)</u>
<b>Revenues</b>									
Charges for services \$	328	338	-3%	7,788	6,915	13%	8,116	7,253	12%
Operating grants	105	17	518%	-	-	-	105	17	518%
Capital grants	206	1,148	0%	-	7	-	206	1,155	0%
Sales and use taxes	2,691	2,342	15%	-	-	-	2,691	2,342	15%
Franchise tax (fees)	31	37	-16%	-	-	-	31	37	-16%
Other taxes	197	241	-18%	-	-	-	197	241	-18%
Investment income	102	52	96%	105	90	17%	207	142	46%
Other	130	64	103%	656	269	0%	786	333	136%
Total revenues	<u>3,790</u>	<u>4,239</u>	<u>-11%</u>	<u>8,549</u>	<u>7,281</u>	<u>17%</u>	<u>12,339</u>	<u>11,520</u>	<u>7%</u>
<b>Expenses</b>									
General government	706	361	96%	-	-	-	706	361	96%
Public safety	1,145	1,338	-14%	-	-	-	1,145	1,338	-14%
Public works	1,037	769	35%	-	-	-	1,037	769	35%
Cultural & recreation	608	447	36%	-	-	-	608	447	36%
Electric	-	-	-	4,623	4,473	3%	4,623	4,473	3%
Water	-	-	-	862	747	15%	862	747	15%
Sewer	-	-	-	870	458	90%	870	458	90%
Sanitation	-	-	-	598	459	30%	598	459	30%
Golf course	-	-	-	355	334	6%	355	334	6%
Lake	-	-	-	537	263	104%	537	263	104%
Assisted living center	-	-	-	63	-	-	63	-	-
Total expenses	<u>3,496</u>	<u>2,915</u>	<u>20%</u>	<u>7,908</u>	<u>6,734</u>	<u>17%</u>	<u>11,404</u>	<u>9,649</u>	<u>18%</u>
<b>Increase in net position</b>									
before transfers	294	1,324	-78%	641	547	17%	935	1,871	-50%
Transfers	382	(99)		(382)	99	-486%	-	-	-
Transfers - SHDA	-	-	-	275	281	-2%	275	281	-
Capital contributions	<u>2,579</u>	<u>(723)</u>	<u>-457%</u>	<u>(1,722)</u>	<u>723</u>	<u>-338%</u>	<u>857</u>	<u>-</u>	<u>-</u>
<b>Change in net position</b>	<u>3,255</u>	<u>502</u>	<u>0%</u>	<u>(1,188)</u>	<u>1,650</u>	<u>-172%</u>	<u>2,067</u>	<u>2,152</u>	<u>-4%</u>

**Management's Discussion and Analysis**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**Change in Net Position - Continued**

*Governmental Activities:*

Operating grants and contributions - includes recognition of FAA airport grant revenues of \$214,088; OAC airport grant revenues of \$354,707; and other smaller grant awards.

Investment income - investment income for 2024 was \$206,612 compared to \$142,299 for 2023 due to increased interest rates and funds available for interest earnings.

Governmental activity expenses - increased to \$3,495,849 in 2024 compared to \$2,914,842 in 2023 due to general increase in prices and payroll.

**GOVERNMENTAL ACTIVITIES**

Under Governmental Activities, the public safety expense includes pension income (expense) from the City's proportionate share of the Oklahoma Police Pension and Retirement Fund and the Oklahoma Firefighter's Pension and Retirement Fund. The annual pension plan estimates can cause significant fluctuations in public safety expense.

To aid in the understanding of the Statement of Activities on page 2 of the Basic Financial Statements, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenditures, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

**Table 3**  
**Net Revenues (Expenses) of Governmental Activities (In Thousands)**

	Total Expenses of Services		% Inc. (Dec.)	Net Revenue (Expenses) of Services		% Inc. (Dec.)
	2024	2023		2024	2023	
General government	\$ 706	361	96%	(632)	496	-227%
Public safety	1,145	1,338	-14%	(877)	(765)	15%
Public works	1,037	769	35%	(823)	(769)	7%
Cultural & recreation	608	447	36%	(524)	(374)	40%
<b>Total</b>	<b>3,496</b>	<b>2,915</b>	<b>20%</b>	<b>(2,856)</b>	<b>(1,412)</b>	<b>102%</b>

Explanations for significant changes are shown after Table 2.

**Management's Discussion and Analysis**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**BUSINESS-TYPE ACTIVITIES**

The City's business-type activities include utility services for water, sewer, and sanitation.

Table 5  
Net Revenues (Expenses) of Business-Type Activities (In Thousands)

	Total Expenses of Services		% Inc. (Dec.)	Net Revenue (Expenses) of Services		% Inc. (Dec.)
	2024	2023		2024	2023	
Electric	\$ 4,623	4,473	3%	1,467	832	76%
Water	862	747	15%	(192)	(37)	419%
Wastewater	870	458	90%	(538)	(116)	364%
Sanitation	597	459	30%	(100)	(79)	27%
Golf course	355	334	6%	(220)	(205)	7%
Lake	537	263	104%	(474)	(207)	129%
Assisted living center	63	-	0%	(63)	-	#DIV/0!
<b>Total</b>	<b>7,907</b>	<b>6,734</b>	<b>17%</b>	<b>(120)</b>	<b>188</b>	<b>-164%</b>

Explanations for significant changes are shown after Table 2.

**A FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As the City completed its 2024 fiscal year, the governmental funds reported a combined fund balance of \$3,304,651 a decrease of \$26,326 from the prior year.

The proprietary fund reported a combined net position of \$8,907,423 a decrease of \$1,187,456 from the prior year. The largest item was a capital contribution to the governmental activities fixed assets of \$1,721,905 for street improvements.

***General Fund Budgetary Highlights***

Actual revenues and transfers in were under final estimates by \$36,415. Expenditures were under final appropriations by \$55,410.

**Management's Discussion and Analysis**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of June 30, 2024, the City had \$23,431,324 invested in capital assets, net of depreciation, including land, buildings, machinery and equipment, park facilities, water, sewer and stormwater systems, roads, and bridges. This represents a net increase of \$2,352,568 over last year.

Table 4  
**Primary Government Capital Assets**  
**(In Thousands)**  
**(Net of Accumulated Depreciation)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Construction in progress	\$ -	578	-	568	-	1,146
Land	751	751	-	-	751	751
Buildings	3,651	2,266	4,591	4,591	8,242	6,857
Machinery and equipment	1,404	1,379	1,636	1,551	3,040	2,930
Vehicles	2,282	2,266	455	455	2,737	2,721
Infrastructure	16,447	14,092	21,460	20,649	37,907	34,741
Less: Accumulated depreciation	(11,942)	(11,428)	(17,303)	(16,639)	(29,245)	(28,067)
Total capital assets, net	\$ <u>12,593</u>	<u>9,904</u>	<u>10,839</u>	<u>11,175</u>	<u>23,432</u>	<u>21,079</u>

Major capital asset events during the current fiscal year included the following:

- Street improvements.
- Airport construction.
- Oklahoma Turnpike Authority project.

**Management's Discussion and Analysis**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

***Long-term Debt***

At year-end, the City had \$4,622,460 in long-term debt outstanding, excluding accrued compensated absences, due to depositors and net pension liability, which represents a \$810,401 decrease from the prior year.

Table 6  
**Outstanding Debt**  
**(In Thousands)**

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	2024	2023	2024	2023	2024	2023
Notes payable	\$ 145	174	4,478	5,259	4,623	5,433
Other debt	-	-	-	-	-	-
Totals	\$ 145	174	4,478	5,259	4,623	5,433

See Note 7 to the financial statements for more detailed information on the City's long-term debt and changes therein.

**ECONOMIC OUTLOOK**

- The unemployment rate for the Oklahoma City metropolitan area which includes Stroud is currently 3.5 percent, which is a decrease of 0.2 percent from a year ago. This compares favorably to the state's average unemployment rate of 3.4 percent and favorably to the national average rate of 4.1 percent.
- Inflationary trends in the region compare favorably to national indices.
- The City's major source of revenue is sales and use tax revenue. Sales and use tax revenue increased by \$349,250 or 14.9% over the prior year total.

All of these factors were considered in preparing the City's budget for the 2024-2025 fiscal year.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, bond rating agencies and creditors with a general overview of the City's finances reflecting the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Office at 220 W. 2nd, Stroud, Oklahoma 74079.

**City of Stroud, Oklahoma**  
**Statement of Net Position**  
*June 30, 2024*

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
<b>Current assets:</b>				
Pooled cash and cash equivalents	\$ 2,948,968	1,016,407	3,965,375	1,564,049
Investments	329,099	-	329,099	241,315
Restricted cash and investments	-	1,247,279	1,247,279	-
Receivables (net of allowance for uncollectibles)	8,267	662,313	670,580	14,020
Leases receivable	-	-	-	346,836
Prepaid expenses	11,875	-	11,875	1,652
Internal balances	(549,839)	549,839	-	10,800
Due from other governments	635,718	-	635,718	10,620
<b>Noncurrent assets:</b>				
Leases receivable	-	-	-	457,862
Net pension asset	20,716	-	20,716	-
<b>Capital assets:</b>				
Land, improvements, and construction in progress	751,266	-	751,266	521,754
Other capital assets, net of depreciation	11,841,368	10,838,690	22,680,058	375,394
Total assets	<u>15,997,438</u>	<u>14,314,528</u>	<u>30,311,966</u>	<u>3,544,302</u>
<b>Deferred outflows of resources:</b>				
Deferred amounts related to extraordinary utility costs	-	93,290	93,290	-
Deferred amounts related to pensions	1,110,050	287,921	1,397,971	-
Total deferred outflow of resources	<u>1,110,050</u>	<u>381,211</u>	<u>1,491,261</u>	<u>-</u>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued expenses	63,360	512,718	576,078	44,832
Accrued interest payable	-	29,875	29,875	-
Deferred revenues	-	41,340	41,340	409
Due to bondholders	1,300	-	1,300	-
Deposits subject to refund	1,277	-	1,277	11,900
Due to component unit	10,800	-	10,800	-
Current portion of long-term debt	55,978	784,959	840,937	93,846
<b>Noncurrent liabilities:</b>				
Long-term debt and other liabilities	194,735	4,103,622	4,298,357	410,049
Net pension liability	239,750	116,290	356,040	-
Total liabilities	<u>567,200</u>	<u>5,588,804</u>	<u>6,156,004</u>	<u>561,036</u>
<b>Deferred inflow of resources:</b>				
Deferred amounts related to pensions	464,995	199,512	664,507	-
Deferred amounts related to leases	-	-	-	804,698
Total deferred inflow of resources	<u>464,995</u>	<u>199,512</u>	<u>664,507</u>	<u>804,698</u>
<b>NET POSITION</b>				
Net investment in capital assets	12,446,221	7,075,810	19,522,031	393,252
Restricted for:				
Debt service	-	216,295	216,295	-
Capital improvements	1,455,568	208,263	1,663,831	-
Other purposes	391,303	-	391,303	-
Unrestricted (deficit)	1,782,201	1,407,055	3,189,256	1,785,316
Total net position	<u>\$ 16,075,293</u>	<u>8,907,423</u>	<u>24,982,716</u>	<u>2,178,568</u>

The accompanying notes are an integral part of these financial statements.

**City of Stroud, Oklahoma**  
**Statement of Activities**  
**For the Year Ended June 30, 2024**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		<b>Net (Expense) Revenue</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 705,648	47,843	25,404	(632,401)
Public safety	1,144,848	205,400	61,987	(877,461)
Public works	1,036,909	-	7,590	(822,988)
Culture and recreation	608,444	74,559	10,345	(523,540)
<b>Total government activities</b>	<b>3,495,849</b>	<b>327,802</b>	<b>105,326</b>	<b>(2,856,390)</b>
Business-type activities:				
Electric	4,623,335	6,090,824	-	1,467,489
Water	861,520	670,001	-	(191,519)
Wastewater	869,533	331,408	-	(538,125)
Sanitation	597,512	497,862	-	(99,650)
Golf course	354,824	134,844	-	(219,980)
Lake	536,992	62,877	-	(474,115)
Assisted living center	63,640	-	-	(63,640)
<b>Total business-type activities</b>	<b>7,907,356</b>	<b>7,787,816</b>	<b>-</b>	<b>(119,540)</b>
<b>Total primary government</b>	<b>11,403,205</b>	<b>8,115,618</b>	<b>105,326</b>	<b>(2,975,930)</b>
 Discretely Presented Component Units	 \$ 699,326	 1,261,447	 -	 249,611
				 811,732

**City of Stroud, Oklahoma**  
**Statement of Activities**  
*For the Year Ended June 30, 2024*

	Primary Government			Discretely Presented Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Change in Net Position:</b>				
<b>Net (expense) revenue</b>	<b>\$ (2,856,390)</b>	<b>(119,540)</b>	<b>(2,975,930)</b>	<b>811,732</b>
<b>General revenues:</b>				
Taxes:				
Sales and use taxes	2,691,188	-	2,691,188	-
Franchise taxes (fees)	30,821	-	30,821	-
Other taxes	197,158	-	197,158	-
Unrestricted investment income	101,495	105,117	206,612	58,574
Miscellaneous	130,057	655,696	785,753	(35,623)
Transfers	382,230	(382,230)	-	-
Transfers - Component unit	-	275,406	275,406	(275,406)
Capital contributions	2,579,026	(1,721,905)	857,121	(857,121)
<b>Total general revenues and transfers</b>	<b>6,111,975</b>	<b>(1,067,916)</b>	<b>5,044,059</b>	<b>(1,109,576)</b>
<b>Change in net position</b>	<b>3,255,585</b>	<b>(1,187,456)</b>	<b>2,068,129</b>	<b>(297,844)</b>
<b>Net Position - beginning</b>	<b>12,819,708</b>	<b>10,094,879</b>	<b>22,914,587</b>	<b>2,476,412</b>
<b>Net Position - ending</b>	<b>\$ 16,075,293</b>	<b>8,907,423</b>	<b>24,982,716</b>	<b>2,178,568</b>

The accompanying notes are an integral part of these financial statements.

**City of Stroud, Oklahoma**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2024**

	General Fund	Capital Expenditure Fund	Special Street Tax Fund	Special Reserve Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 290,270	110,520	746,230	1,480,564	320,084	2,947,668
Cash - Police bond account	1,300	-	-	-	-	1,300
Investments	329,099	-	-	-	-	329,099
Receivables:						
Due from other governments	327,449	152,068	152,068	-	4,133	635,718
Due from other funds	646,708	8,282	286,400	-	27	941,417
Other receivables, net	8,267	-	-	-	-	8,267
Prepaid expense	11,875	-	-	-	-	11,875
Total assets	<u>1,614,968</u>	<u>270,870</u>	<u>1,184,698</u>	<u>1,480,564</u>	<u>324,244</u>	<u>4,875,344</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued liabilities	60,772	-	-	-	2,588	63,360
Police bonds outstanding	1,300	-	-	-	-	1,300
Deposits subject to refund	-	-	-	-	1,277	1,277
Due to other funds	92,416	-	-	1,396,558	2,282	1,491,256
Due to Stroud Industrial Authority	-	-	-	-	10,800	10,800
Total liabilities	<u>154,488</u>	<u>-</u>	<u>-</u>	<u>1,396,558</u>	<u>16,947</u>	<u>1,567,993</u>
Fund balances:						
Nonspendable	-	270,870	1,184,698	84,006	307,297	1,846,871
Unassigned	<u>1,460,480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,460,480</u>
Total fund balances	<u>1,460,480</u>	<u>270,870</u>	<u>1,184,698</u>	<u>84,006</u>	<u>307,297</u>	<u>3,307,351</u>
Total liabilities and fund balances	<u>\$ 1,614,968</u>	<u>270,870</u>	<u>1,184,698</u>	<u>1,480,564</u>	<u>324,244</u>	
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 required in the funds, net of accumulated depreciation of \$11,942,285						12,592,634
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:						
Net pension asset						20,716
Pension related deferred outflows						1,110,050
Certain liabilities are not due and payable in the current period from current financial resources are deferred in the funds:						
Net pension liability						(239,750)
Pension related deferred inflows						(464,995)
Certain long-term liabilities are not due and payable from current financial resources and, therefore, along with deferred inflows, are not reported in the funds:						
Notes payable						(146,413)
Accrued compensated absences						(104,300)
Net position of governmental activities						<u>\$ 16,075,293</u>

The accompanying notes are an integral part of these financial statements.

City of Stroud, Oklahoma  
Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2024

	General Fund	Capital Expenditure Fund	Special Street Tax Fund	Special Reserve Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 1,545,463	673,455	673,455	-	26,794	2,919,167
Intergovernmental	258,782	-	-	-	17,935	276,717
Licenses and permits	25,052	-	-	-	-	25,052
Charge for services	260,876	-	-	-	3,621	264,497
Fines and forfeitures	38,252	-	-	-	-	38,252
Interest	23,283	645	31,989	41,787	3,791	101,495
Miscellaneous	126,530	-	3,227	-	300	130,057
Total revenues	<u>2,278,238</u>	<u>674,100</u>	<u>708,671</u>	<u>41,787</u>	<u>52,441</u>	<u>3,755,237</u>
<b>EXPENDITURES</b>						
Current:						
General government	764,366	-	-	-	-	764,366
Public safety	1,512,241	14,514	-	-	-	1,526,755
Public works	365,539	442,613	477,791	-	2,588	1,288,531
Cultural and recreation	515,376	-	-	-	10,385	525,761
Total expenditures	<u>3,157,522</u>	<u>457,127</u>	<u>477,791</u>	<u>-</u>	<u>12,973</u>	<u>4,105,413</u>
Excess (deficiency) of revenues over expenditures	<u>(879,284)</u>	<u>216,973</u>	<u>230,880</u>	<u>41,787</u>	<u>39,468</u>	<u>(350,176)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	750,000	-	-	-	-	750,000
Transfers out	-	(113,548)	(254,222)	-	-	(367,770)
Contributed capital - Fixed assets	-	(58,380)	-	-	-	(58,380)
Total other financing sources and uses:	<u>750,000</u>	<u>(171,928)</u>	<u>(254,222)</u>	<u>-</u>	<u>-</u>	<u>323,850</u>
Net change in fund balances	<u>(129,284)</u>	<u>45,045</u>	<u>(23,342)</u>	<u>41,787</u>	<u>39,468</u>	<u>(26,326)</u>
Fund balances-beginning	1,589,764	225,825	1,208,040	42,219	265,129	3,330,977
Fund balances-ending	<u>\$ 1,460,480</u>	<u>270,870</u>	<u>1,184,698</u>	<u>84,006</u>	<u>304,597</u>	<u>3,304,651</u>

The accompanying notes are an integral part of these financial statements.

City of Stroud, Oklahoma  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2024

Net change in fund balances - total governmental funds	\$	(26,326)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset additions		3,203,139
Depreciation expense		(514,699)

In the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as an element of pension expense. The fund financial statements report pension contributions as expenditures.

577,051

Repayment of debt principal and note issue costs is an expenditure in the governmental funds. However, the repayment reduces long-term liabilities in the Statement of Net Position:

Long-term debt principal payments		27,533
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in accrued compensated absences		(11,113)
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Change in net position of governmental activities.	\$	<u>3,255,585</u>
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**City of Stroud, Oklahoma**  
**Statement of Net Position - Proprietary Fund**  
**June 30, 2024**

	Business-type Activities - Enterprise Fund		
	Stroud Utilities Authority		
	Operating Fund	Capital Improv. Fund	Total Authority
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 808,144	208,263	1,016,407
Restricted cash and investments	1,247,279	-	1,247,279
Accounts receivable, net of allowance of \$119,159	662,313	-	662,313
Due from other funds	836,239	-	836,239
Total current assets	<u>3,553,975</u>	<u>208,263</u>	<u>3,762,238</u>
Capital assets:			
Land, improvements, and construction in progress	-	-	-
Other capital assets, net of accumulated depreciation	10,838,690	-	10,838,690
Total non-current assets	<u>10,838,690</u>	<u>-</u>	<u>10,838,690</u>
Total assets	<u>14,392,665</u>	<u>208,263</u>	<u>14,600,928</u>
<b>DEFERRED OUTFLOW OF RESOURCES:</b>			
Deferred amounts related to extraordinary utility costs	93,290	-	93,290
Deferred amounts related to pensions	287,921	-	287,921
Total deferred outflow of resources	<u>381,211</u>	<u>-</u>	<u>381,211</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	512,718	-	512,718
Accrued interest payable	29,875	-	29,875
Deferred revenues	41,340	-	41,340
Due to other funds	286,400	-	286,400
Current portion of long-term obligations	784,959	-	784,959
Total current liabilities	<u>1,655,292</u>	<u>-</u>	<u>1,655,292</u>
Non-current liabilities:			
Notes payable - non-current	3,851,090	-	3,851,090
Deposits subject to refund	185,758	-	185,758
Accrued compensated absences - non-current	66,774	-	66,774
Net pension liability	116,290	-	116,290
Total non-current liabilities	<u>4,219,912</u>	<u>-</u>	<u>4,219,912</u>
Total liabilities	<u>5,875,204</u>	<u>-</u>	<u>5,875,204</u>
<b>DEFERRED INFLOW OF RESOURCES:</b>			
Deferred amounts related to pensions	199,512	-	199,512
<b>NET POSITION</b>			
Net investment in capital assets	7,075,810	-	7,075,810
Restricted:			
Debt service	216,295	-	216,295
Capital improvement	-	208,263	208,263
Unrestricted	1,407,055	-	1,407,055
Total net position	<u>\$ 8,699,160</u>	<u>208,263</u>	<u>8,907,423</u>

The accompanying notes are an integral part of these financial statements.

**City of Stroud, Oklahoma**  
**Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund**  
**For the Year Ended June 30, 2024**

	Business-type Activities - Enterprise Fund		
	Stroud Utilities Authority		
	Operating Fund	Capital Improv. Fund	Total Authority
<b>REVENUES</b>			
Electric	\$ 6,017,808	-	6,017,808
Water	670,001	-	670,001
Wastewater	331,408	-	331,408
Sanitation	497,862	-	497,862
Other	73,016	-	73,016
Golf course	134,844	-	134,844
Lake	62,877	-	62,877
Total operating revenues	7,787,816	-	7,787,816
<b>OPERATING EXPENSES</b>			
Administration	476,080	572	476,652
Electric	4,049,066	-	4,049,066
Water	635,418	-	635,418
Wastewater	674,037	-	674,037
Sanitation	540,535	-	540,535
Golf course	271,385	-	271,385
Lake	379,854	-	379,854
Building and grounds	43,117	-	43,117
Shop	35,862	-	35,862
Economic development	2,315	-	2,315
Depreciation and amortization	663,723	-	663,723
Total operating expenses	7,771,392	572	7,771,964
Operating income (loss)	16,424	(572)	15,852
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Miscellaneous revenues (expense)	29,429	-	29,429
Reimbursements	626,265	-	626,265
Interest income	95,571	9,546	105,117
Project expenditures	(3,227)	-	(3,227)
Interest expense and fiscal charges	(132,163)	-	(132,163)
Total nonoperating revenues (expenses)	615,875	9,546	625,421
<b>OPERATING TRANSFERS</b>			
Transfers in	367,770	-	367,770
Transfers out	(750,000)	-	(750,000)
Transfers in - Component unit	275,406	-	275,406
Capital contribution	(1,721,905)	-	(1,721,905)
Total operating transfers and capital contributions	(1,828,729)	-	(1,828,729)
Change in net position	(1,196,430)	8,974	(1,187,456)
Net position - beginning	9,895,590	199,289	10,094,879
Net position-ending	\$ 8,699,160	208,263	8,907,423

The accompanying notes are an integral part of these financial statements.

City of Stroud, Oklahoma  
Statement of Cash Flows - Proprietary Fund  
Stroud Public Works Authority  
For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Fund		
	Stroud Utilities Authority		
	Operating Fund	Capital Improv. Fund	Total Authority
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 8,547,622	-	8,547,622
Payments to suppliers and employees	(7,624,128)	(572)	(7,624,700)
Net receipts (refunds) of customer meter deposits	12,444	-	12,444
Net cash provided (used) by operating activities	935,938	(572)	935,366
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating transfers in (out) - component unit	275,406	-	275,406
Operating transfers in (out)	(382,230)	-	(382,230)
Net cash provided (used) by noncapital financing activities	(106,824)	-	(106,824)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	(329,122)	-	(329,122)
Principal paid on debt	(780,953)	-	(780,953)
Capital contributions	(1,721,905)	-	(1,721,905)
Grant revenue	626,265	-	626,265
Interest expense and fiscal charges	(132,163)	-	(132,163)
Net cash provided (used) by capital and related financing activities	(2,337,878)	-	(2,337,878)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	95,571	9,546	105,117
Net cash provided (used) by investing activities	95,571	9,546	105,117
Net increase (decrease) in cash and cash equivalents	(1,413,193)	8,974	(1,404,219)
Cash and cash equivalents, beginning of the year	3,468,616	199,289	3,667,905
Cash and cash equivalents, end of the year	\$ 2,055,423	208,263	2,263,686
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	808,144	208,263	1,016,407
Restricted cash and cash equivalents	1,247,279	-	1,247,279
Total cash and cash equivalents, end of year	\$ 2,055,423	208,263	2,263,686
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	16,424	(572)	15,852
Adjustments to reconcile operating income to net cash provided by operating activities:			
Cash flows reported in other categories:			
Depreciation and amortization expense	663,723	-	663,723
Bad debt expense	-	-	-
Miscellaneous revenue	29,429	-	29,429
Change in assets and liabilities:			
(Increase) decrease in receivables	15,639	-	15,639
(Increase) decrease in due from other funds	359,792	-	359,792
(Increase) decrease in prepaid expense	13,187	-	13,187
(Increase) decrease in net deferral for extraordinary utility cost	180,340	-	180,340
Increase (decrease) in accounts payable and accrued expenses	(318,396)	-	(318,396)
Increase (decrease) in deposits subject to refund	12,444	-	12,444
Increase (decrease) in net pension liability and related deferrals	(36,644)	-	(36,644)
Total adjustments	919,514	-	919,514
Net cash provided by (used in) operating activities	\$ 935,938	(572)	935,366

The accompanying notes are an integral part of these financial statements.

**Notes to Basic Financial Statements  
City of Stroud, Oklahoma  
June 30, 2024**

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

The accounting and reporting policies of the City of Stroud, Oklahoma (the “City”) conforms to accounting principles generally accepted in the United States of America for state and local governments. Generally accepted accounting principles for municipalities are defined as those principles promulgated by the Governmental Accounting Standards Board (“GASB”). The following represent the more significant accounting and reporting policies and practices of the City.

**Financial Reporting Entity** - The City is an incorporated municipality located in central Oklahoma. The City operates under a council-manager form of government with a charter that provides for three branches of government:

- Legislative - the governing body includes an elected five-member City Council and Mayor
- Executive - the City Manager is the Chief Executive Officer and appointed by the City Council
- Judicial - the Municipal Judge is a practicing attorney appointed by the City Council

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, and GASB Statement 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, and includes all component units for which the City is financially accountable.

The accompanying financial statements present the government 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 therefore data from these units are combined with the data of the City. Each blended component unit has a June 30 year end.

**Blended Component Units.** The Stroud Utilities Authority (SUA) was created May 27, 1963 pursuant to a Trust Indenture to finance, develop, and operate the electric, water, wastewater, and solid waste activities of the City. Council members serve as Trustees and the City Manager is the General Manager. The rates for user charges and debt authorization are approved by the city council. The SUA is reported as an enterprise fund type. Separate financial statements have not been prepared for SUA.

**Discretely Presented Component Units.** There are two discretely presented component units included in the City financial statements. The discretely presented component units issue separately audited financial statements. Copies of these reports may be obtained from the City Hall office.

The Stroud Hospital and Development Authority was created April 1, 1976 to operate and maintain the Stroud Municipal Hospital, which was sold in May, 2004. The Authority continues to operate to stimulate economic growth and development of the City. The Authority operates the Prairie Pointe assisted living center. The City is the beneficiary of the Authority, but the governing body of the Authority is different than the City.

The Stroud Industrial Authority was created February 25, 1974 to aid in the City’s economic growth and development by financing, operating, constructing, and administering various public works projects, improvements, and facilities. The City is the beneficiary of the Authority, but the governing body of the Authority is different than the City.

**Notes to Basic Financial Statements**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Separate financial statements have been prepared for the blended component units and may be obtained by contacting City Hall.

Each component unit is a Public Trust established pursuant to Title 60 of the Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through the issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. In accordance with state law, all debt obligations incurred by public trusts require 2/3 approval by the City Council. In addition, the City has leased certain existing assets at the creation for the Authority to the Trustees on a long-term basis. The City, as beneficiary of the Public Trust, receives title to any residual assets when a Public Trust is dissolved.

**Basis of presentation and accounting:**

The City follows Governmental Accounting Standards Board ("GASB") statements in the preparation of its financial statements. The presentation includes financial statements that communicate the City's financial condition and changes therein at two distinct levels:

- The City as a Whole (a government-wide presentation)
- The City's Funds (a presentation of the City's major and aggregate non-major funds)

**Government-wide and fund financial statements** - The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities.

*Governmental activities* - Most of the City's basic services are reported here, including police, fire, general administration, streets, parks and recreation. Sales taxes, franchise fees, fines, and state and federal grants finance most of the activities.

*Business-type activities* - Services where the City charges a fee to customers to help cover all or most of the cost of the services it provides. The City's electric, water, sewer and sanitation systems are reported here. Additionally, operation of the golf course and municipal airport are reported as business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**Notes to Basic Financial Statements**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Fund Financial Statements -**

**Governmental Funds** - Most of the City's basic services are reported in governmental funds, which focus on how much money flows into and out of those funds and the balances left at year-end that are available for spending. Governmental funds report their activities on the modified accrual basis of accounting and current financial resources measurement focus that is different from other funds. For example, these funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for reimbursement type grants that are recorded as revenues when the related expenditures are recognized. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, judgments, and pension liabilities are recorded only when payment is due.

Sales and use taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. Expenditure driven grants are recognized as revenues when qualifying expenditures have been incurred and all eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the City.

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

**The following are the City's major governmental funds:**

- General Fund - accounts for general operations of the City including public safety, parks, public facilities, street maintenance and internal service support.
- Capital Expenditure Fund - accounts for major capital improvement projects.
- Special Street Tax Fund - accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for the construction and repair of streets as approved by a special sales tax ordinance.
- Special Reserve Fund - accounts for and reports financial resources that are restricted for designated expenditures of the governing body.

**The following are the City's aggregate non-major governmental funds:**

- Street & Alley Fund
- Airport Fund
- Library Society Fund
- Drug Enforcement Fund
- HRA Fund
- Cemetery Care Fund

**Notes to Basic Financial Statements**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

The reconciliation of the governmental fund financial statements to the governmental activities presentation in the government-wide financial statements is the result of the use of the accrual basis of accounting and economic resources measurement focus on the government-wide level.

**Proprietary Funds** - When the City charges customers for the services it provides, these services are generally reported as proprietary funds. Proprietary funds include enterprise funds and internal service funds. Enterprise funds are used to account for business-like activities provided to the general public. Internal service funds are used to account for business-like activities provided to other funds or departments of the City. Proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as reductions to the liability.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**The following are the City's proprietary funds:**

- Stroud Utilities Authority (SUA) - accounts for the revenues from operations of electric, water, sanitary sewer, sanitation, golf course and lake.

**Accounting Policies -**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity**

- a. *Cash and Cash Equivalents* - The City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents.
- b. *Pooled Cash and Investments* - The City requires all cash belonging to the City to be placed in the custody of the Financial Services Department of the City. A "Pooled Cash" concept is used in maintaining the cash and investment accounts in the accounting records. Under this method, all cash is pooled for investment purposes and each fund has equity in the pooled amounts. Investments are allocated to the individual participating funds based upon a percentage determined by the Financial Services Department of the City. An interfund receivable/payable is recognized if the allocation of investments to a particular fund exceeds the fund's pooled cash amount before the allocation of the pooled investments.

The purchases and maturities of the pooled investments, as reported in the fund's statement of cash flow, are allocated to the participating proprietary funds based on their portion of total pooled investments.

**Notes to Basic Financial Statements**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

- c. *Investments* - Investments are stated at fair value. Fair value is the amount at which a financial instrument can be exchanged in a current transaction between willing parties. The City considers the quoted market price on June 30, 2024, to be the fair value of its investments.

Oklahoma Statutes authorize the City to invest in obligations of the United States government, its agencies and instrumentalities; collateralized or insured certificates of deposit and other evidences of deposit at banks, savings banks, savings and loan associations and credit unions located in this state, or fully insured certificates of deposit at banks, savings bank, savings and loan associations and credit unions located out of state; negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings bank, a savings and loan association or a state-licensed branch of a foreign bank; prime banker's acceptances which are eligible for purchases by the Federal Reserve System and which do not exceed 270 days' maturity; prime commercial paper which shall not have a maturity that exceeds 180 days nor represent more than 10% of the outstanding paper of an issuing corporation; repurchase agreements that have underlying collateral consisting of those items specified above; and money market funds regulated by the Securities and Exchange Commission and which investments consist of those items noted above.

- d. *Receivables and payables* - In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

In the governmental fund financial statements, receivables are recorded when they are both measurable and available. Proprietary fund receivables consist of all revenues earned at year-end and not yet received.

- e. *Interfund Receivable and Payables* - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to / due from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."
- f. *Restricted Assets* - Restricted assets include cash and investments of both governmental activities and business-type activities that are legally restricted as to their use. The restricted assets are primarily related to debt trustee accounts and guaranty deposits.
- g. *Capital Assets* - Capital assets, which include property, plant and equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with initial, individual cost of more than \$2,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, the majority of which generally consists of donated land and infrastructure which is recorded in the governmental funds and donated water and sewer distribution systems which are recorded in the proprietary funds, are recorded at estimated fair value at the date of donation.

**Notes to Basic Financial Statements**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 - 65 years
Infrastructure	25 - 50 years
Improvements other than buildings & infrastructure	10 - 20 years
Machinery and equipment	3 - 20 years
Vehicles	3 - 7 years

- h. *Inventory* - The City records parts and fuel inventory as expenses within the General Fund. Parts inventory is recorded using actual cost.
- i. *Long-term Debt* - Accounting treatment of long-term debt varies depending upon the source of repayment and the measurement focus applied, and whether the debt is reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental activities, business-type activities and proprietary funds are reported as liabilities as incurred. The long-term debt presently is primarily comprised of revenue bonds payable, net pension liability, and accrued compensated absences. This long-term debt is reported not of unamortized discounts and premiums.

Long-term debt of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

- j. *Claims and Judgments Payable* - Under state law, judgments against the City can be paid over three years or can be paid immediately. A liability would be recorded within the government-wide, proprietary, and fiduciary fund financial statements for claims and judgments payable. A liability for these amounts is reported in governmental funds only if they are paid from current financial resources. On June 30, 2024, the City did not have any judgments outstanding.
- k. *Compensated Absences* - Under the terms of City personnel policies, City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for vacation leave accumulated and vested accumulated sick leave. Vesting of sick leave by employees and maximum number of hours that can be accumulated for vacation and sick leave are dependent upon an employees' service as contained in the City's personnel manual.
- l. *Pensions* - For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflow of resources related to pensions and pension expense, information about the fiduciary net position of the City's multiemployer pension plans and additions to/deductions from the multiemployer pension plans have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Notes to Basic Financial Statements**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

m. *Fund Equity* - In the government-wide financial statements, equity is classified as net position and displayed in three components:

1. *Net investment in capital assets* - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings attributable to those assets.
2. *Restricted net position* - Consists of net position with constraints placed on the use either by external groups, such as grantors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
3. *Unrestricted net position* - All other assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted net positions are available for use, generally it is the City’s policy to use restricted resources first. For projects funded with tax-exempt debt proceeds and other sources, the debt proceeds are used first.

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows and based on the nature of any limitations requiring the use of resources for specific purposes.

- a) *Nonspendable* - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual requirements.
- b) *Restricted* - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- c) *Committed* - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City through formal action of the highest level of decision-making authority. The City Council is the highest level of decision-making authority that can, by adoption of an Ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by ordinance remains in place until a similar action by the City Council is taken (the adoption of another ordinance) to remove or revise the limitation.
- d) *Assigned* - Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council may assign fund balance as it does when appropriating fund balance to cover the gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- e) *Unassigned* - Includes the residual balance of the General Fund that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes with the General Fund.

**Notes to Basic Financial Statements**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

When both restricted and unrestricted sources (the total of committed, assigned, and unassigned fund balance) are available for use, generally it is the City's policy to use restricted resources first. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Cost Sharing Defined Benefit Pension Plans**

The City participates in two cost-sharing multiple-employer defined benefit pension plans, the Oklahoma Firefighters Pension & Retirement System (OFPRS) and the Oklahoma Municipal Retirement Fund (OkMRF), (the Plans). For purposes of measuring the net pension asset, liability, deferred outflows of resources and deferred inflows of resources related to the pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Deferred Outflows/inflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City has deferred outflows related to pensions, with one being the amount of contributions made to pension plans after the measurement date, and the other the difference in investment experience between actual earnings and projected earnings on pension plan investments and the difference in assumption changes. Deferred outflows related to contributions made after the measurement date will be recognized as a reduction of pension liability in the following year. The remaining amounts will be amortized to pension expense over future periods. See Note 4 for additional information.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has a deferred inflow related to pensions. This consists of the difference between expected and actual experience related to pension plans as well as the difference in assumption changes. These amounts are amortized over future periods to pension expense.

**Revenues, Expenditures and Expenses**

- a. *Sales Taxes* - Sales taxes are collected by vendors and required to be remitted to the State of Oklahoma by the 20<sup>th</sup> of the month following collection. The tax is then paid to the City by the 10<sup>th</sup> of the next month. A two-month lag exists between collection by the vendor and payment to the City by the State. Revenue received in July and August from sales made in May and June, respectively, is available for prior year expenses and is accrued in both the government-wide and fund financial statements.
- b. *Charges for Services* - Charges for service consist primarily of charges made by one fund for services such as insurance and other benefits provided to the other funds of the City.

**Notes to Basic Financial Statements  
City of Stroud, Oklahoma  
June 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

- c. *Intergovernmental Revenues/Capital Grants Earned* - Revenues from Federal and State operating grants are recognized when expenditures are made. Similarly, capital grants are considered earned when the expenditures are made. The earned portion of capital grants in Proprietary Funds is treated as a capital contribution within the statement of revenues, expenses, and changes in fund net position.
- d. *Investment Earnings* - Investment earnings on pooled cash and investments are allocated on a pro-rata basis to the City's funds based on the percentage of each fund's average month-end pooled cash balance.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Compliance**

The City prepares its annual operating budget under the provisions of the Oklahoma Municipal Budget Act of 1979 (the "Budget Act"). In accordance with those provisions, the following process is used to adopt the annual budget:

- a. Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing July 1.
- b. Public hearings are conducted to obtain citizen comments. At least one public hearing is held no later than 15 days prior to the beginning of the budget year.
- c. Subsequent to the public hearings but no later than seven days prior to July 1, the budget is legally enacted through the passage of a resolution by the City Council.
- d. Subsequent to City Council enactment, the adopted budget is filed with the office of the State Auditor and Inspector.
- e. The legal level of control at which expenditures may not legally exceed appropriations is the department level within a fund.

All fund decreases of appropriation and supplemental appropriations require City Council approval. The City Manager may transfer appropriations between departments within a fund without City Council approval. Supplemental appropriations must also be filed with the Office of the State Auditor and Inspector.

In accordance with Title 60 of the Oklahoma State Statutes, the Stroud Utilities Authority is required to prepare an annual budget and submit a copy to the City as beneficiary. However, there are no further requirements such as form of budget, approval of budget or definition of a legal level of control; and, therefore, no budget and actual financial presentation for the SUA funds is included in this report.

**Notes to Basic Financial Statements**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Deposits and Investment Laws and Regulations**

**Deposits**

*Custodial credit risk* for deposits is the risk that in the event of a bank failure, the City may not recover its deposits. The City's policy to minimize its exposure to custodial credit risk for deposit is that all deposits shall either be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by securities held by the cognizant Federal Reserve Bank or invested in United States government obligations, and direct debt obligations of municipalities, counties, and school districts in the State of Oklahoma, in the City's name. On June 30, 2024, the City's bank balances of approximately \$4,673,630 were fully insured or collateralized with securities.

**Investments**

*Interest rate risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. The City minimizes its exposure to interest rate risk by limiting the duration of certificates of deposits or other fixed-income securities.

*Investment credit risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The City minimizes its exposure to investment credit risk by adopting investment policies that comply with the Oklahoma State statutes. As a result, investments are limited to the following:

- 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 of Oklahoma is pledged.
- Certificates of deposit or savings accounts that are either insured or secured with acceptable pledged collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- 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.
- 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.
- Money market funds and repurchase agreements which consist of the authorized investments of the United States government agency obligations with restrictions as specified in state law.

Public trusts created under O.S. Title 60 are not subject to the above-mentioned investment limitations and are primarily governed by restrictions in their trust or bond indentures.

**Notes to Basic Financial Statements  
City of Stroud, Oklahoma  
June 30, 2024**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued**

The City has no formal policy limiting investments based on credit rating but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations and agencies as of the end of year end. Unless there is information to the contrary, obligations of the United States government or obligations explicitly guaranteed by the United States government are not considered to have credit risk and do not require disclosure of credit quality.

*Custodial credit risk* for investments is the risk that in the event of a bank failure, the City may not recover the value of its investments. The City's policy to minimize its exposure to custodial credit risk for investments is that all investments shall either be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by securities held by the cognizant Federal Reserve Bank or invested in United States government obligations, and direct debt obligations of municipalities, counties, and school districts in the State of Oklahoma, in the City's name. On June 30, 2024, the City's investments are certificates of deposit in local banks. On June 30, 2024, the certificates of deposits were fully insured or collateralized.

**Debt Restrictions and Covenants**

General Obligation Debt

Article 10, Sections 26 and 27 of the Oklahoma Constitution limits the amount of certain outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10% of the net assessed valuation. As of June 30, 2024, the City did not have any general obligation debt outstanding.

Other Long-term Debt

As required by the Oklahoma State Constitution, the City (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue, without first obtaining voter approval.

Revenue Note Debt

The debt indentures relating to the revenue note issues of the Stroud Utilities Authority contain a number of restrictions or covenants that are financial related. These include covenants such as a required flow of funds through special accounts, debt service coverage requirements and required reserve account balances.

**Fund Equity/Net Position Restrictions**

Restricted Net Position

Restricted net position at the government-wide financial statements is required to restrict funds in accordance with various laws and regulations, specifically those laws and regulations dealing with debt service and the use of restricted revenues. See Note 3 for details of restricted net position.

**Notes to Basic Financial Statements**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS**

The following notes present detailed information to support the amounts reported in the basic financial statements for the City's various assets, liabilities, equity, revenues, and expenditures/expenses.

**Deposits and Investment Risks**

The City of Stroud, including its blended component units, held the following deposits and investments on June 30, 2024:

Type	Maturities	Credit Rating	Carrying Value
<b>Deposits:</b>			
Demand deposits			\$ 1,875,937
Cash on hand			221
Money market sweep accounts			2,604,074
			<u>4,480,232</u>
<b>Investments:</b>			
Trustee money market account		AAAm	1,061,521
			<u>1,061,521</u>
<b>Total deposits and investments</b>			<u>\$ 5,541,753</u>
<b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents			\$ 3,965,375
Investments			329,099
Restricted cash and investments			1,247,279
			<u>\$ 5,541,753</u>

**Notes to Basic Financial Statements**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued**

**Restricted Assets**

The amounts reported as restricted assets on the Statement of Net Position are comprised of cash and investments held by the trustee bank on behalf of the public trusts (Authorities) related to its required revenue bond accounts as described in Note 2 and amounts due to depositors related to utility deposits.

The restricted assets as of June 30, 2024 were as follows:

	Governmental Activities	Business-type Activities
	Current Cash and cash Equivalents	Current Cash and cash Equivalents
2011 OWRB Clean Water SRF Note - Debt Service	\$ -	15,448
2012 OWRB Drinking Water SRF Note - Debt Service	-	56,766
2014 Utilities & Sales Tax Revenue Note - Debt Service	-	62,365
2020 Sales Tax Revenue Note - Construction	-	845,226
2020 Sales Tax Revenue Note - Debt Service	-	81,716
Utility Deposits	-	185,758
Total restricted assets	\$ -	1,247,279

**Receivables and Uncollectible Accounts**

Accounts receivable of governmental and business-type activities consist of sales tax, franchise tax and fees, grants funds due, customer utilities services provided, all reported net of allowance for uncollectible amounts are as follows:

	Governmental Activities	Business-type Activities
Sales taxes	\$ 388,283	-
Use taxes	219,990	-
Franchise taxes	1,621	-
Lodging taxes	19,657	-
Other	94,434	-
Utilities	-	781,472
Less: allowance for uncollectible accounts	(80,000)	(119,159)
Accounts receivable, net of allowance	\$ 643,985	662,313

**Notes to Basic Financial Statements**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued**

**Capital Assets**

Capital asset balances and activities for the year ended June 30, 2024, were as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Transfers</u>	<u>Retirements</u>	<u>Ending</u>
<b><i>Governmental activities</i></b>					
Capital assets not being depreciated :					
Land	\$ 751,266	-	-	-	751,266
Construction in progress	577,487	-	(577,487)	-	-
Total capital assets not being depreciated	1,328,753	-	(577,487)	-	751,266
Capital assets being depreciated :					
Buildings and improvements	2,266,561	839,893	544,675	-	3,651,129
Machinery and equipment	1,378,883	25,199	-	-	1,404,082
Vehicles	2,265,614	16,000	-	-	2,281,614
Infrastructure	14,091,969	2,322,047	32,812	-	16,446,828
Total capital assets being depreciated	20,003,027	3,203,139	577,487	-	23,783,653
Less : Accumulated depreciation					
Buildings and improvements	1,570,740	52,687	-	-	1,623,427
Machinery and equipment	826,373	95,062	-	-	921,435
Vehicles	1,365,367	84,981	-	-	1,450,348
Infrastructure	7,665,106	281,969	-	-	7,947,075
Total capital assets being depreciated	11,427,586	514,699	-	-	11,942,285
Total capital assets being depreciated	8,575,441	2,688,440	577,487	-	11,841,368
Governmental activities capital assets, net	\$ 9,904,194	2,688,440	-	-	12,592,634

Depreciation expense for governmental activities is charged to functions as follows:

<b><i>Governmental activities:</i></b>	
General government	\$ 25,827
Public safety	108,078
Public works administration	298,111
Cultural and recreation	82,683
Total depreciation expense - governmental activities	\$ 514,699

**Notes to Basic Financial Statements**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued**

Capital asset activity for business-type activities for the year ended June 30, 2024 was as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Transfers</u>	<u>Retirements</u>	<u>Ending</u>
<b><i>Business-type activities</i></b>					
Capital assets not being depreciated :					
Land	\$ -	-	-	-	-
Construction in progress	568,410	-	(568,410)	-	-
Total capital assets not being depreciated	568,410	-	(568,410)	-	-
Capital assets being depreciated :					
Buildings and improvements	4,590,791	-	-	-	4,590,791
Machinery and equipment	1,550,860	85,334	-	-	1,636,194
Vehicles	455,121	-	-	-	455,121
Infrastructure	20,648,684	242,517	568,410	-	21,459,611
Total capital assets being depreciated	27,245,456	327,851	568,410	-	28,141,717
Less : Accumulated depreciation					
Buildings and improvements	1,447,324	92,687	-	-	1,540,011
Machinery and equipment	740,634	95,843	-	-	836,477
Vehicles	365,850	8,451	-	-	374,301
Infrastructure	14,085,496	466,742	-	-	14,552,238
Total capital assets being depreciated	16,639,304	663,723	-	-	17,303,027
Total capital assets being depreciated	10,606,152	(335,872)	568,410	-	10,838,690
Governmental activities capital assets, net	\$ 11,174,562	(335,872)	-	-	10,838,690

Depreciation expense for business-type activities is charged to functions as follows:

<b><i>Business-type activities:</i></b>	
General government	\$ 16,727
Electric	146,896
Water	140,082
Sewer	124,447
Lake	117,098
Golf course	54,833
Assisted living center	63,640
Total depreciation expense - business-type activities	\$ 663,723

**Notes to Basic Financial Statements**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued**

**Deposits Subject to Refund**

Utility customers are required to make a meter deposit, which is refunded upon the customer's termination of services, provided there are no outstanding bills. Monies are deposited in separate accounts, and a liability has been recorded to represent the amount of deposits due to customers. As of June 30, 2024, cash and investments included \$189,937 available for refund of customer deposits, while the liability to customers was \$185,758.

Appearance bonds and other payments made to the municipal court funds are held until final disposition by the court at which time they are refunded to the bondholder or paid over to the City general fund as fines. As of June 30, 2024, \$1,300 was being held that was subject to refund.

**Long-term Debt**

The reporting entity's long-term debt is segregated by the amounts involving governmental activities and business activities.

***Governmental Activities Long-term Debt:***

As of June 30, 2024, the governmental activities long-term debt consisted of the following:

**Notes Payable**

\$119,500 note payable to First Bank; dated June 27, 2017, for a fire ladder truck; due in monthly principal and interest payments of \$1,209.88 beginning July 15, 2017 and maturing June 15, 2027; secured by the vehicle; interest included at a rate of 4.00% per annum.	\$ 42,426
\$168,975 note payable to RCB Bank; dated January 9, 2020, for a fire rescue truck; due in monthly principal and interest payments of \$1,643.36 beginning February 9, 2020 and maturing January 9, 2030; secured by the vehicle; interest included at a rate of 3.15% per annum.	102,274
Total Revenue Notes Payable	\$ 144,700
Current portion	\$ 29,903
Non-current portion	114,797
	\$ 144,700

**Notes to Basic Financial Statements  
City of Stroud, Oklahoma  
June 30, 2024**

**NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued**

***Business-type Activities Long-term Debt:***

As of June 30, 2024, the long-term debt payable from enterprise fund resources consisted of the following:

**Revenue Notes Payable**

\$1,700,000 Clean Water SRF Series 2005 loan payable to the Oklahoma Water Resource Board (OWRB), dated November 22, 2005, payable in semi-annual installments with a final payment due March 15, 2026; interest rate of 2.60% and administrative fee of 0.5%; secured by a pledge of a one cent sales tax and utility system net revenues.	\$ 223,547
\$611,486 Clean Water SRF Series 2011 loan payable to the Oklahoma Water Resource Board (OWRB), dated February 22, 2011, payable in semi-annual installments with a final payment due September 15, 2031; interest rate of 2.62% and administrative fee of 0.5%; secured by a pledge of a one cent sales tax and utility system net revenues.	272,526
\$2,360,000 Drinking Water SRF Series 2012 loan payable to the Oklahoma Water Resource Board (OWRB), dated September 1, 2012, payable in semi-annual installments with a final payment due September 15, 2028; interest rate of 1.8% and administrative fee of 0.5%; secured by a pledge of a one cent sales tax and utility system net revenues.	650,140
\$2,650,000 Utilities and Sales Tax Revenue Note, Series 2014; dated November 20, 2014, payable in semi-annual installments ranging from \$110,000 to \$140,000 with a final payment due November 1, 2027; interest at the rate of 3.23%; Secured by a pledge of one cent of sales tax and utility system net revenues.	920,000
\$2,550,000 Sales Tax Revenue Note, Series 2020; dated November 6, 2020; payable in semi-annual installments ranging from \$10,000 to \$120,000 with a final payment due September 1, 2035; interest at the rate of 2.375%; secured by a pledge of two cents of sales tax revenue.	2,410,000
\$186,221 note to a bank dated June 2, 2023; payable in monthly installments of \$4,229 with a final payment due June 2, 2027; interest included at the rate of 4.13%; secured by golf carts.	<u>137,578</u>
Total Revenue Notes Payable	\$ <u>4,613,791</u>
Current portion	\$ 762,701
Non-current portion	<u>3,851,090</u>
	\$ <u>4,613,791</u>

**Notes to Basic Financial Statements**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued**

**Accrued Compensated Absences**

Accrued compensated absences reported in the business-type activities are comprised of accrued vacation leave, sick leave and compensatory time.

Governmental activities	\$ 104,300
Business-type activities	<u>89,032</u>
Total Accrued Compensated Absences	<u>\$ 193,332</u>

**Due to Depositors**

Outstanding deposits for utility services, refundable only upon termination of services, amounted to the following:

Current portion	\$ -
Non-current portion	<u>185,758</u>
Total Due to Depositors	<u>\$ 185,758</u>

**Changes in Long-term Debt**

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

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>	Amounts Due Within <u>One Year</u>
<b>Governmental activities</b>					
Note payable - Ladder truck	\$ 55,030	-	12,604	42,426	13,118
Note payable - Rescue truck	118,539	-	16,365	102,174	16,785
Accrued compensated absences	<u>93,187</u>	<u>11,113</u>	<u>-</u>	<u>104,300</u>	<u>26,075</u>
Total Governmental Activities	<u>\$ 266,756</u>	<u>11,113</u>	<u>28,969</u>	<u>248,900</u>	<u>55,978</u>
<b>Business-type activities</b>					
<i>Notes payable:</i>					
OWRB - Series 2005	\$ 331,959	-	108,413	223,546	112,551
OWRB - Series 2011	304,175	-	32,129	272,046	32,683
OWRB - Series 2012	650,141	-	135,451	514,690	138,674
Revenue note - Series 2013	120,000	-	120,000	-	-
Revenue note - Series 2014	1,160,000	-	240,000	920,000	250,000
Revenue note - Series 2020	2,510,000	-	100,000	2,410,000	183,000
Note payable - Golf carts	183,017	-	45,439	137,578	45,793
Deposits subject to refund	173,314	12,444	-	185,758	-
Accrued compensated absences	<u>86,380</u>	<u>2,652</u>	<u>-</u>	<u>89,032</u>	<u>22,258</u>
Total Business-type Activities	<u>\$ 5,518,986</u>	<u>15,096</u>	<u>781,432</u>	<u>4,752,650</u>	<u>784,959</u>

**Notes to Basic Financial Statements**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued**

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Component Units</b>					
<i>Stroud Industrial Authority</i>					
Note payable - Lincoln Co.	\$ 192,860	-	40,239	152,621	43,063
Note payable - BancFirst	401,265	-	49,992	351,273	50,783
Total Component Unit Debt	\$ 594,125	-	90,231	503,894	93,846

**Annual Debt Service Requirements**

The annual debt service requirements to maturity, including principal and interest, for long-term debt, with interest rates applicable as of June 30, 2024, excluding accrued compensated absences, due to depositors and net pension liability are as follows:

Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 29,903	4,336	762,702	112,500
2026	30,974	3,265	782,397	93,163
2027	34,867	2,155	687,092	73,328
2028	18,445	1,275	521,551	54,462
2029	19,035	685	315,683	42,834
2030-2034	11,376	804	1,188,886	119,461
2035-2039	-	-	355,000	8,467
Totals	\$ 144,600	12,520	4,613,311	504,215

**Applicability of Federal Arbitrage Regulations**

Debt issuances of the City and Authorities issued after the Tax Reform Act of 1986 are subject to the federal arbitrage regulations. The arbitrage rebate regulations require that all earnings from investment of gross proceeds of a bond issue in excess of the amount that could have been earned had the yield on the investment been equal to the yield on the bonds be remitted to the federal government. These carry strict penalties for noncompliance including taxability of interest retroactive to the date of the issue. The City's management believes the City is in compliance with these rules and regulations.

**Notes to Basic Financial Statements  
City of Stroud, Oklahoma  
June 30, 2024**

**NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued**

**Pledge of Future Revenues**

Sales Tax Pledge - The City has pledged one cent of future sales tax revenues to repay \$4,671,486 of OWRB Series 2005, 2011 and 2012 Revenue Notes and \$2,650,000 of SUA Series 2014 Utility and Sales Tax Revenue Notes which are payable through 2032. In addition, the City has pledged two cents of future sales tax revenues to repay \$4,650,000 of SUA Series 2013 and 2020 Sales Tax Revenue Notes. Proceeds from the notes provided financing for construction of designated capital improvements. The total principal and interest payable for the remainder of the life of the notes is \$4,971,034. Pledged sales tax received in the current year was \$562,747 per one cent of sales tax. Debt service payments on the OWRB Series 2005, 2011 and 2012 Revenue Notes and Series 2014 Utility and Sales Tax Revenue Notes of \$582,351 for the current year coverage ratio of 96.6% of the pledged one sales tax. Debt service payments on the Series 2013 and 2020 Sales Tax Revenue Notes of \$281,054 for the current year coverage ratio of 400% of the pledged two sales tax. Other sources of revenues such as electric, water, and sewer are also pledged on the OWRB notes and the Series 2014 Utility and Sales Tax Revenue Note.

Utility Revenue Pledge - The City has also pledged future net electric, water, and sewer revenues to repay \$4,671,486 of OWRB Series 2005, 2011 and 2012 Revenue Notes and \$2,650,000 of SUA Series 2014 Utility and Sales Tax Revenue Notes which are payable through 2032. Proceeds from the notes provided funding for utility system capital assets. The total principal and interest payable for the remainder of the life of the notes is \$2,201,934. The notes are payable from the above-mentioned utility net revenues of \$1,287,411 and are additionally secured with one cent of future sales tax revenues. The debt service payments on the notes this year were \$582,351 for the current year coverage ratio of 221% of the pledged utility net revenues and 318% of both pledged utility revenues and pledged sales taxes.

**Interfund Receivables, Payables, and Transfers**

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

**Notes to Basic Financial Statements**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued**

*Transfers:*

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
Street Special Tax Fund	Stroud Utilities Authority	254,222	Operating subsidy
Capital Expenditure Fund	Stroud Utilities Authority	113,548	Operating subsidy
Stroud Utilities Authority	General Fund	750,000	Operating subsidy
		<u>1,117,770</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	750,000	(367,770)	382,230
Proprietary Funds	367,770	(750,000)	(382,230)
	<u>1,117,770</u>	<u>(1,117,770)</u>	<u>-</u>

Reconciliation to Statement of Activities:

Net Transfers	<u>-</u>
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*Balances:*

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>	<u>Nature of Interfund Balance</u>
General Fund	Stroud Utilities Authority	92,389	Interfund obligation
General Fund	Cemetery Fund	27	Interfund obligation
Stroud Utilities Authority	Street Special Tax Fund	286,400	Interfund obligation
Special Reserve Fund	Capital Expenditure Fund	6,000	Interfund obligation
Special Reserve Fund	General Fund	646,708	Interfund obligation
Special Reserve Fund	Stroud Utilities Authority	743,850	Interfund obligation
Airport Fund	Capital Expenditure Fund	2,282	Interfund obligation
		<u>1,777,656</u>	

Reconciliation to Fund Financial Statements:

	<u>Due From</u>	<u>Due To</u>	<u>Net Interfund Balance</u>
Governmental Funds	941,417	(1,491,256)	(549,839)
Proprietary Funds	836,239	(286,400)	549,839
	<u>1,777,656</u>	<u>(1,777,656)</u>	<u>-</u>

Reconciliation to Statement of Activities:

Net Transfers	<u>-</u>
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**Notes to Basic Financial Statements  
City of Stroud, Oklahoma  
June 30, 2024**

**NOTE 3 - DETAILED NOTES CONCERNING THE FUNDS - Continued**

**Fund Balances and Net Position**

**Fund Balances**

The following table shows the fund balance classifications as shown on the Governmental Funds Balance Sheet:

	General Fund	Capital Expenditure Fund	Special Street Tax Fund	Special Reserve Fund	Other Governmental Funds	Total
Fund Balances:						
Nonspendable:						
Capital improvements	-	270,870	-	84,006	-	354,876
Street	-	-	1,184,698	-	202,663	1,387,361
Airport	-	-	-	-	44,161	44,161
Library	-	-	-	-	5,634	5,634
Drug Fund	-	-	-	-	636	636
Cemetery	-	-	-	-	54,203	54,203
Subtotal Nonspendable	-	270,870	1,184,698	84,006	307,297	1,846,871
Unassigned (deficit):	1,460,480	-	-	-	-	1,460,480
<b>TOTAL FUND BALANCES</b>	<b>1,460,480</b>	<b>270,870</b>	<b>1,184,698</b>	<b>84,006</b>	<b>307,297</b>	<b>3,307,351</b>

**Sales Tax**

Sales tax revenue represents a 4 cents tax on each dollar of taxable sales of which is recorded as follows:

- 2 cents are recorded in the General Fund for general operational purposes,
- 1 cent is recorded in the General Fund and then transferred to the Capital Improvement Fund for capital expenditures and for the payment of debt service in connection with obligations issued to finance specified capital expenditures,
- 1 cent is recorded in the General Fund and then transferred to the Special Street Tax Fund for capital expenditures and for the payment of debt service in connection with obligations issued to finance specified capital expenditures.

In accordance with sales tax agreements of the OWRB and SUA Revenue Note - Series 2014 indentures, one cent of the sales tax has been pledged for the payment of principal and interest on the indebtedness on a parity basis.

In accordance with sales tax agreements SUA Revenue Notes - Series 2013 and 2020 indentures, two cents of the sales tax have been pledged for the payment of principal and interest on the indebtedness on a parity basis.

**Notes to Basic Financial Statements**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**NOTE 4 - OTHER INFORMATION**

**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 manages these various risks of loss as follows:

- General Liability - Covered through purchased insurance with a \$1,000 deductible, per occurrence.
- Physical Property - Covered through purchased insurance with a \$1,000 deductible, per occurrence.
- Workers' Compensation - 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 matter of the Plan, the City is required to pay fees set by the Plan according to an established payment schedule. The City is responsible for complying with all requirements of the Oklahoma Workers' Compensation Act. A loss Fund has been established from the proceeds of the fees paid by the City. The City expensed these fees when paid. 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, the failure of the State Insurance Fund to honor its obligations could result in losses to the Plan.

- Employee's Group Medical - Covered through purchased insurance with a deductible of \$1,000 per employee.

**COMMITMENTS AND CONTINGENCIES**

**Commitments**

**Construction in Progress**

The following construction contracts were outstanding on June 30, 2024:

	Total Construction <u>In Progress</u>	Total <u>Project</u>	Remaining <u>To Complete</u>
<i>Stroud Industrial Authority</i> Airport Layout Plan	\$ 82,350	119,970	37,620
	<u>\$ 82,350</u>	<u>119,970</u>	<u>37,620</u>

**Notes to Basic Financial Statements**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**NOTE 4 - OTHER INFORMATION - Continued**

**Contingent Liabilities**

**General Litigation** - The City and Utilities Authority are parties to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City "Sinking Fund" for the payment of any court assessed judgment rendered against the City.

While the outcome of the above noted proceedings cannot be predicted, due to the self-insurance reserves maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance reserves would not have a material adverse effect on the financial condition of the City.

**Federal Grants** - In the normal course of operations, the City receives grant funds from various federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Management does not believe any liability for reimbursement which may arise as the result of these audits will be material.

**Asset Retirement Obligation** - The City has incurred certain asset retirement obligations related to the operation of its wastewater utility system. The estimated liability of the legally required closure costs for the wastewater utility system cannot be reasonably estimated as of June 30, 2024, since the specific legally required costs of retirement have not yet been identified. The City anticipates identifying those specific legally required costs, if any, and obtaining an estimate of those costs in a subsequent fiscal year.

**EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

The City participates in five employee pension systems as follows:

<u>Names of Plan/System</u>	<u>Type of Plan</u>
Oklahoma Police Pension and Retirement Fund	Cost Sharing Multiple Employer Defined Benefit Plan
Oklahoma Firefighters Pension and Retirement Fund	Cost Sharing Multiple Employer Defined Benefit Plan
Oklahoma Municipal Retirement Fund (OkMRF)	Agent Multiple Employer - Defined Benefit Plan
Oklahoma Municipal Retirement Fund (OkMRF)	City Manager Retirement Plan - Defined Contribution Plan

**Notes to Basic Financial Statements**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

***Summary of Defined Benefit Plan Balances***

	Governmental Activities	Business-Type Activities
Net Pension Liability (Asset)		
Police Pension System	\$ (20,716)	-
Firefighter's Pension System	23,754	-
Non-Uniform Employees Pension System	215,996	116,290
Total Net Pension Liability	<u>\$ 219,034</u>	<u>116,290</u>
Deferred Outflows of Resources		
Police Pension System	\$ 560,997	-
Firefighter's Pension System	14,249	-
Non-Uniform Employees Pension System	534,804	287,921
Total Deferred Outflow of Resources	<u>\$ 1,110,050</u>	<u>287,921</u>
Deferred Inflows of Resources		
Police Pension System	\$ 82,894	-
Firefighter's Pension System	11,579	-
Non-Uniform Employees Pension System	370,522	199,512
Total Deferred Inflow of Resources	<u>\$ 464,995</u>	<u>199,512</u>

***Oklahoma Police Pension and Retirement System (OPPRS)***

Plan Description - The City of Stroud, as the employer, participates in the Police Pension & Retirement - a cost-sharing multi-employer defined benefit pension plan administered by the Oklahoma Police Pension & Retirement System (PPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at [www.ok.gov/opprs](http://www.ok.gov/opprs).

Benefits Provided - The Plan provides defined retirement benefits based on members' final average compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. The Plan's benefits are established and amended by State statute. Retirement provisions are as follows:

- The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

Notes to Basic Financial Statements  
City of Stroud, Oklahoma  
June 30, 2024

**NOTE 4 - OTHER INFORMATION - Continued**

***Oklahoma Police Pension and Retirement System (OPPRS) - Continued***

- Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.
- Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.
- Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension 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 eight percent (8%) of their annual pay. Participating cities are required to contribute thirteen percent (13%) of the employees' annual pay. Contributions to the pension plan from the City were \$33,177. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$30,141. These on-behalf payments did not meet the criteria of a special funding situation.

Net Pension Liabilities/Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - As of June 30, 2024, the City reported an asset of \$20,716 for its proportionate share of the net pension liability. The net pension asset was measured as of June 30, 2023, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2023. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2023. Based upon this information, the City's proportion was 0.000678%.

**Notes to Basic Financial Statements**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**NOTE 4. OTHER INFORMATION - Continued**

***Oklahoma Police Pension and Retirement System (OPPRS) - Continued***

For the year ended June 30, 2024, the City recognized pension expense of \$55,382. As of June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 59,876	\$ -
Changes of assumptions	38,650	-
Net difference between projected and actual earnings on pension plan investments	415,739	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	82,894
City contributions during measurement period	5,121	-
City contributions subsequent to the measurement date	41,611	-
Total	\$ 560,997	\$ 82,894

\$41,611 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024	\$ 71,585
2025	1,309
2026	297,251
2027	67,656
2028	(1,309)
	\$ 436,492

**Notes to Basic Financial Statements**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**NOTE 4. OTHER INFORMATION - Continued**

***Oklahoma Police Pension and Retirement System (OPPRS) - Continued***

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	3.5% to 12.0% averages, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Mortality rates:	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.  Active employees (post retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using Scale AA.  Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.

The actuarial assumptions used in the July 1, 2023; valuation was based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed income	5.78%
Domestic equity	7.73%
International equity	11.55%
Real estate	7.66%
Private equity	11.64%

**Notes to Basic Financial Statements**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**NOTE 4. OTHER INFORMATION - Continued**

***Oklahoma Police Pension and Retirement System (OPPRS) - Continued***

Actuarial Assumptions - Continued

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State Statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the net position liability (asset) of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability(asset) would be if it were calculated using a discount rate that is one percentage point lower - (6.5%) or one percentage point higher - (8.5%) than the current rate:

	1% Decrease █ (6.5%)	Current Discount Rate (7.5%)	1% Increase █ (8.5%)
Employers' net pension liability	\$ 195,593	\$ (20,716)	\$ (203,862)

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 OPPRS; which can be located at [www.ok.gov/OPPRS](http://www.ok.gov/OPPRS).

***Oklahoma Firefighters' Pension and Retirement System (OFPRS)***

Plan Description - The City of Stroud, as the employer, participates in the Firefighters Pension & Retirement - a cost-sharing multi-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](http://www.ok.gov/fprs).

Benefits Provided - In general, the Plan provides defined retirement benefits based on members' final average compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. The Plan's benefits are established and amended by Oklahoma statute. Retirement provisions are as follows:

Notes to Basic Financial Statements  
City of Stroud, Oklahoma  
June 30, 2024

NOTE 4 - OTHER INFORMATION - Continued

*Oklahoma Firefighters' Pension and Retirement System (OFPRS) - Continued*

Normal Retirement:

Hired Prior to November 1, 2013

Normal retirement is attained upon completing 20 years of service. The normal retirement benefit is equal to 50% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month.

Hired After November 1, 2013

- Normal retirement is attained upon completing 22 years of service. The normal retirement benefit is equal to 55% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. Also, participants must be aged 50 to begin receiving benefits. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month.
- 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 benefit is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year 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, or \$7.53 per year of service, with a maximum of 30 years.

Notes to Basic Financial Statements  
City of Stroud, Oklahoma  
June 30, 2024

**NOTE 4 - OTHER INFORMATION - Continued**

***Oklahoma Firefighters' Pension and Retirement System (OFPRS) - Continued***

- 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 benefit is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year 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, 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. Contributions to the pension plan from the City were \$960. In the government-wide Statement of Activities, revenue is recognized for the State of Oklahoma's on-behalf contributions on an accrual basis of \$2,104. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - On June 30, 2024, the City reported a liability of \$23,754 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2023. Based upon this information, the City's proportion was 0.001841%.

**Notes to Basic Financial Statements**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**NOTE 4 - OTHER INFORMATION - Continued**

***Oklahoma Firefighters' Pension and Retirement System (OFPRS) - Continued***

For the year ended June 30, 2024, the City recognized pension expense of \$4,054. On June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,825	\$ 30
Changes of assumptions	-	38
Net difference between projected and actual earnings on pension plan investments	7,756	6,189
Changes in proportion and differences between City contributions and proportionate share of contributions	101	5,309
City contributions during measurement period	7	13
City contributions subsequent to the measurement date	3,560	-
Total	\$ 14,249	\$ 11,579

\$3,560 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024	\$ (271)
2025	(91)
2026	(545)
2028	17
	\$ (890)

Notes to Basic Financial Statements  
City of Stroud, Oklahoma  
June 30, 2024

**NOTE 4 - OTHER INFORMATION - Continued**

***Oklahoma Firefighters' Pension and Retirement System (OFPRS) - Continued***

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	2.75% to 10.50% averages, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the MP2018 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2023; valuation was based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed income	5.80%
Domestic equity	9.49%
International equity	11.55%
Real estate	8.48%
Other assets	6.47%

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State Statutes. Projected cash flows also assume the State of Oklahoma will continue contributing thirty-six percent (36%) of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Notes to Basic Financial Statements**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**NOTE 4 - OTHER INFORMATION - Continued**

***Oklahoma Firefighters' Pension and Retirement System (OFPRS) - Continued***

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net position liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower - (6.5%) or one percentage point higher - (8.5%) than the current rate:

	1% Decrease █ (6.5%)	Current Discount Rate (7.5%)	1% Increase █ (8.5%)
Employers' net pension liability	\$ 30,952	\$ 23,754	\$ 17,734

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](http://www.ok.gov/fprs).

***Oklahoma Municipal Retirement Fund - Defined Benefit Plan (OkMRF)***

Plan Description - The City contributes to the OkMRF for all eligible employees except for those covered by the Firefighter Pension Systems. The plan is an agent multiple employer - defined benefit plan administered by OkMRF. The OkMRF plan issues a separate financial report and can be obtained from OkMRF or from their website - [www.okmrf.org/reports.html](http://www.okmrf.org/reports.html). Benefits are established or amended by the City Council in accordance with O.S. Title 11, Section 48-101-102.

Summary of Significant Accounting Policies - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's plan and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by OkMRF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on published market prices. Detailed information about the OkMRF plans' fiduciary net position is available in the separately issued OkMRF financial report.

**Notes to Basic Financial Statements**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**NOTE 4. OTHER INFORMATION - Continued**

**Eligibility Factors and Benefit Provisions**

<b>Eligibility</b>	Full-time employees except police, firefighters and other employees who are covered under an approved system.
<b>Probationary period</b>	None.
<b>Employee contributions</b>	4.5% of pay.
<b>Service</b>	
Credited service	The last period of continuous employment with the employer.
Vesting	Credited service plus transferred service from oth OkMRF employers.
<b>Benefit Eligibility</b>	10 or more years of vested service.
<b>Final average compensation</b>	The average of the 5 highest consecutive years of salaries out of the last 10 years of service.
<b>Accrued benefit</b>	Plan BB - 2.25% of final average compensation multiplied by the number of years of credited service.
<b>Normal retirement age</b>	Age 65 with 10 or more years of vesting service.
<b>Normal retirement</b>	
Eligibility	Termination of employment on or after normal retirement age.
Benefit	The accrued benefit payable immediately.
<b>Early retirement</b>	
Eligibility	Termination after age 65 with 10 or more years of vesting service.
Benefit	The accrued benefit payable starting at normal retirement age, or accrued benefit reduced 5% per year for commencement prior to normal retirement age.
<b>Disability retirement</b>	
Eligibility	Total and permanent disability after 10 or more years of service.
Benefit	The accrued benefit is payable upon disablement without reduction for early payment.
<b>Termination before retirement age</b>	
Before vesting	Return of employee contributions, if any, with interest.
After vesting	The accrued benefit payable starting at normal retirement age, or a reduced benefit payable at an early retirement age.
<b>Payment options</b>	
Normal form	The normal form of payment of the accrued benefit is a monthly lifetime annuity with 5 years certain.
Optional forms	Disability benefits are paid only under the normal form. Other benefits are available under actuarially equivalent optional forms: Joint and 50% survivor annuity Joint and 66 2/3% last survivor annuity Joint and 100% survivor annuity
<b>Cost of living</b>	This plan has not elected the automatic post retirement cost of living adjustments.

**Notes to Basic Financial Statements**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**NOTE 4. OTHER INFORMATION - Continued**

Employees Covered by Benefit Terms -

Active Employees	37
Deferred Vested Former Employees	-
Retirees or Retiree Beneficiaries	30
	<hr/>
Total	<u>67</u>

Contribution Requirements - The City Council has the authority to set and amend contribution rates by ordinance for the OMRF 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 10.90% of covered payroll as of July 1, 2023 and 10.03% of covered payroll as of July 1, 2022. For the year ended June 30, 2023, the City recognized \$182,048 of employer contributions to the plan which equals the actuarially determined amount based on covered payroll of \$1,503,261. Employees cannot contribute to the plan in accordance with the plan provisions adopted by the City Council.

Actuarial Assumptions -

Date of Last Actuarial Valuation	July 1, 2023
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments and Discount Rate	7.5
c. Projected Salary Increase	Varies between 7.50% and 4.50% based on age
d. Post Retirement Cost-of-Living Increase	None
e. Inflation Rate	2.75%
f. Mortality Table	PubG - 2010
g. Percent of Married Employees	100%
h. Spouse Age Difference	3 years (female spouses younger)
i. Turnover	Selected and ultimate rates Ultimate rates are age related as shown Additional rates per thousand are added during the first 5 years: Year 1: 225 Year 2: 140 Year 3: 100 Year 4: 70 Year 5: 40

Actuarial Assumptions -

Discount Rate - The discount rate used to value benefits was the long-term expected rate of return on the plan investments, 7.50% since the plan's net fiduciary position is projected to be sufficient to make projected benefit payments.

**Notes to Basic Financial Statements**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**NOTE 4. OTHER INFORMATION - Continued**

The City has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (2.75%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2023 are summarized in the following table:

	Target Allocation	Real Return	Weighted Return
Large cap stocks			
S&P 500	25%	4.55%	1.14%
Small/mid cap stocks			
Russell 2500	10%	5.00%	0.50%
Int'l developed mkts equity			
MSCI EAFE	20%	6.20%	1.24%
Int'l emerging mkts equity			
MSCI EM net div	5%	6.40%	0.32%
Private equity			
MSCI ACWI net div	5%	6.05%	0.30%
US fixed income bonds			
Barclay's US	20%	2.55%	0.51%
Real estate			
NCREIF	15%	4.95%	0.74%
Cash equivalents			
3 month Treasury	0%	15.00%	0.00%
<b>TOTAL</b>	<b>100%</b>		
Average Real Return			4.75%
Inflation			2.75%
Long-term expected return			7.50%

**Notes to Basic Financial Statements**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**NOTE 4. OTHER INFORMATION - Continued**

Changes in Net Pension Liability (Asset) - The total pension liability (asset) was determined based on an actuarial valuation performed as of July 1, 2023 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability (asset). There were also no changes between the measurement date of July 1, 2023 and the City's report ending date of June 30, 2024, that would have had a significant impact on the net pension liability (asset). The following table reports the components of changes in net pension liability (asset):

	SCHEDULE OF CHANGES IN NET PENSION LIABILITY		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a)-(b)
<b>Balances Beginning of Year</b>	<b>\$ 4,664,721</b>	<b>4,281,474</b>	<b>383,247</b>
<b>Changes for the Year:</b>			
Service cost	146,108	-	146,108
Interest expense	341,520	-	341,520
Difference between expected and actual experience	107,488	-	107,488
Assumption changes	-	-	-
Contributions - City	-	182,048	(182,048)
Contributions - Members	-	79,646	(79,646)
Net investment income	-	393,981	(393,981)
Benefits payments, including refunds of employee contributions	(226,347)	(226,347)	-
Benefit changes due to plan amendments	-	-	-
Plan administrative expenses	-	(9,568)	9,568
Other changes	-	-	-
<b>Net Changes</b>	<b>368,769</b>	<b>419,760</b>	<b>(50,991)</b>
<b>Balances End of Year</b>	<b>\$ 5,033,490</b>	<b>4,701,234</b>	<b>332,256</b>

**Notes to Basic Financial Statements**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**NOTE 4. OTHER INFORMATION - Continued**

Sensitivity of the Net Pension Liability(Asset) to Changes in the Discount Rate - The following presents the net position liability (asset) of the City, calculated using the discount rate of 7.50%, as well as what the Plan's net pension liability(asset) would be if it were calculated using a discount rate that is one percentage point lower - (6.50%) or one percentage point higher - (8.50%) than the current rate:

	(6.50%)	Rate (7.50%)	(8.50%)
Employer's total pension liability	\$ 5,657,577	\$ 5,033,490	\$ 4,521,349
Employer's plan net fiduciary position	4,701,234	4,701,234	4,701,234
Employers' net pension liability	\$ <u>956,343</u>	\$ <u>332,256</u>	\$ <u>(179,885)</u>

The City reported a pension expense of \$17,671 for the year ended June 30, 2024. As of June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 80,750	\$ 153,301
Changes of assumptions	-	51,102
Net difference between projected and actual earnings on pension plan investments	612,095	365,631
City contributions subsequent to the measurement date	129,930	-
Total	\$ <u>822,775</u>	\$ <u>570,034</u>

Amortization of Pension Deferrals - \$129,930 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2025	\$ (38,895)
2026	(25,592)
2027	201,147
2028	(13,849)
2029	-
	\$ <u>122,811</u>

**Notes to Basic Financial Statements**  
**City of Stroud, Oklahoma**  
**June 30, 2024**

**NOTE 4 - OTHER INFORMATION - Continued**

***OMRF City Manager Defined Contribution Plan (CMO) -***

The City has also provided a defined contribution plan and trust known as the City of Stroud City Manager Retirement Plan and Trust (CMO Plan). The plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. According to state law, the authority for establishing or amending the plan's provisions and contribution requirements rests with the city council. This plan is available only to the City Manager. The employee does not contribute to the plan and the employer makes variable contributions to the fund. For the current year, the employer's contribution was \$11,480.

**City of Stroud, Oklahoma**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual**  
**For the Year Ended June 30, 2024**

		Budget			Variance with Final Budget Over (Under)
	Original	Revisions	Final	Actual	
<b>REVENUES</b>					
Taxes	\$ 1,442,675	13,640	1,456,315	1,459,227	2,912
Intergovernmental	58,000	281,366	339,366	258,782	(80,584)
Licenses and permits	7,700	21,075	28,775	25,052	(3,723)
Charge for services	245,688	21,543	267,231	260,876	(6,355)
Fines and forfeitures	44,640	10,360	55,000	38,252	(16,748)
Interest	10,330	9,070	19,400	23,283	3,883
Miscellaneous	115,495	(53,165)	62,330	126,530	64,200
Total revenues	1,924,528	303,889	2,228,417	2,192,002	(36,415)
<b>EXPENDITURES</b>					
General government:					
Administration	673,015	76,551	749,566	750,866	(1,300)
Legal	18,245	(3,000)	15,245	13,500	1,745
Public safety:					
Police	1,248,730	8,875	1,257,605	1,255,842	1,763
Fire	244,302	19,888	264,190	256,299	7,891
Civil defense	850	-	850	100	750
Public works:					
Streets	190,668	1,136	191,804	191,152	652
Airport	12,565	29,188	41,753	30,074	11,679
Cemetery	25,625	(20,000)	5,625	2,659	2,966
Shop	60,990	32,691	93,681	90,896	2,785
Building and grounds	66,151	(1,884)	64,267	50,758	13,509
Culture and recreation:					
Library	104,353	(360)	103,993	94,630	9,363
Community center	9,675	(875)	8,800	6,444	2,356
Recreation and parks	356,763	48,215	404,978	403,771	1,207
Fitness center	9,375	1,200	10,575	10,531	44
Total expenditures	3,021,307	191,625	3,212,932	3,157,522	55,410
Excess (deficiency) of revenues over (under) expenditures	(1,096,779)	112,264	(984,515)	(965,520)	18,995
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers	750,000	-	750,000	750,000	-
Net change in fund balances	(346,779)	112,264	(234,515)	(215,520)	18,995
Fund balances - beginning	346,779	-	346,779	1,762,236	1,415,457
Fund balances - ending	\$ -	112,264	112,264	1,546,716	1,434,452

**Budgetary Comparison Schedule  
City of Stroud  
For the Year Ended June 30, 2024**

**BUDGETARY ACCOUNTING AND CONTROL**

**Budget Law**

The City prepares its annual operating budget under the provisions of the Oklahoma Municipal Budget Act of 1979 (the "Budget Act"). In accordance with those provisions, the following process is used to adopt the annual budget:

- a. Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing July 1.
- b. Public hearings are conducted to obtain taxpayer comments. At least one public hearing must be held no later than 15 days prior to July 1.
- c. Subsequent to the public hearings but no later than seven days prior to July 1, the budget is legally enacted through the passage of a resolution by the City Council.
- d. By July 1, the adopted budget is filed with the office of the State Auditor and Inspector.
- e. The legal level of control at which expenditures may not legally exceed appropriations is the department level within a fund.

All fund decreases of appropriation and supplemental appropriations require City Council approval. The City Manager may transfer appropriations between departments within a fund without City Council approval. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector. No departments exceeded appropriations.

**Budgetary Accounting**

The annual operating budgets are prepared and presented on a modified accrual basis of accounting.

The City utilizes encumbrance accounting under which purchase orders, contracts, and other commitments for expenditure of funds are recorded in order to reserve a portion of the applicable appropriation. Encumbrances outstanding at year-end are not considered expenditures for budgetary purposes since the City intends to honor the commitments and provide for supplemental appropriations in the following budget year. All appropriations lapse at year-end.

**Budgetary Comparison Schedule  
City of Stroud  
For the Year Ended June 30, 2024**

***Budget Reconciliations*** - Items required to adjust actual revenues, expenditures, and fund balances reported on the budgetary basis to those reported within the fund financial statements as of and for the year ended June 30, 2024, are as follows:

	General Fund
	<hr/>
Fund balances - budgetary basis, June 30, 2024	\$ 1,546,716
Current year revenue and transfer accruals	(327,449)
Prior year revenue and transfer accruals	241,213
Current year expenditure accruals	<hr/> -
Fund balances - fund financial statements, June 30, 2024	\$ <u>1,460,480</u>
Revenues - budgetary basis, June 30, 2024	\$ 2,192,002
Current year revenue accruals	327,449
Prior year revenue accruals	<hr/> (241,213)
Revenues - fund financial statements, June 30, 2024	\$ <u>2,278,238</u>
Expenditures - budgetary basis, June 30, 2024	\$ 3,157,522
Current year expenditure accruals	-
Prior year expenditure accruals	<hr/> -
Expenditures - fund financial statements, June 30, 2024	\$ <u>3,157,522</u>

City of Stroud, Oklahoma  
Schedule of Employer Contributions  
Oklahoma Police Pension and Retirement System  
Last 10 Fiscal Years\*

	<u>2023</u>
1. Employer's proportion of the net pension liability (asset)	\$ 0.000678%
2. Employer's proportionate share of the net pension liability (asset)	\$ (20,716)
3. Employer's covered-employee payroll	255,208
4. Employer's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	-8.12%
5. Plan fiduciary net position as a percentage of the total pension liability	101.02%

\* The City of Stroud adopted the Police pension in 2023.

Data reported is measured as of July 1, 2023.

City of Stroud, Oklahoma  
Schedule of Employer Contributions  
Oklahoma Police Pension and Retirement System  
Last 10 Fiscal Years\*

	<u>2023</u>
Statutorily required contribution	\$ 33,177
Contributions in relation to the statutorily required contribution	\$ (33,177)
Contribution deficiency (excess)	\$ -
City's covered-employee payroll	\$ 255,208
Contributions as a percentage of covered-employee payroll	13.00%

\* The City of Stroud adopted the Police pension in 2023.

Data reported is measured as of July 1, 2023.

**City of Stroud, Oklahoma**  
**Schedule of Employer Contributions**  
**Oklahoma Firefighters' Pension and Retirement System**  
**Last 10 Fiscal Years\***

	2015	2016	2017	2018	2019	2020	2021	2022	2023
1. Employer's portion of the net pension liability (asset)	\$ 0.003900%	0.003294%	0.004903%	0.002865%	0.003314%	0.003000%	0.002937%	0.003034%	0.002460%
2. Employer's proportionate share of the net pension liability(asset)	\$ 39,621	34,963	59,899	36,031	37,306	32,217	36,185	19,983	3,270
3. Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4. Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	70.73%	72.85%	69.98%	84.24%	69.49%

\* Complete data for this schedule is not available prior to 2015.

Data reported is measured as of July 1, 2022.

**City of Stroud, Oklahoma**  
**Schedule of Employer Contributions**  
**Oklahoma Firefighters' Pension and Retirement System**  
**Last 10 Fiscal Years\***

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Statutorily required contributions	\$ 1,440	3,712	2,260	2,724	1,320	1,320	1,320	1,380	1,380
Contributions in relation to the statutorily required contribution	\$ (1,440)	(3,712)	(2,260)	(2,724)	(1,320)	(1,320)	(1,320)	(1,380)	(1,380)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* Complete data for this schedule is not available prior to 2015.

Data reported is measured as of July 1, 2022.

**City of Stroud, Oklahoma**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Oklahoma Municipal Retirement Fund**  
**Last 10 Fiscal Years\***

	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Total pension liability</b>									
Service cost	\$ 97,946	106,558	112,041	116,302	109,479	116,649	135,410	121,688	146,859
Interest	261,170	264,786	278,647	287,478	291,025	307,811	318,400	314,669	346,041
Changes of benefit terms	-	-	-	-	-	-	-	337,562	-
Differences between expected & actual experience	-	26,006	(34,935)	(63,314)	93,250	(112,438)	(241,072)	(102,771)	(216,570)
Changes of assumptions	-	-	-	93,701	-	97,397	-	-	(100,003)
Benefit payments, including refunds of member contributions	(218,579)	(210,289)	(227,020)	(257,142)	(269,391)	(270,519)	(265,861)	(258,970)	(246,518)
<b>Net change in total pension liability</b>	140,537	187,061	128,733	177,025	224,363	138,900	(53,123)	412,178	(70,191)
<b>Total pension liability - beginning</b>	3,379,238	3,519,775	3,706,836	3,835,569	4,012,594	4,236,957	4,375,857	4,322,734	4,734,912
<b>Total pension liability - ending (a)</b>	\$ 3,519,775	3,706,836	3,835,569	4,012,594	4,236,957	4,375,857	4,322,734	4,734,912	4,664,721
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 138,599	164,073	177,894	165,523	168,528	184,597	175,262	176,190	194,236
Contributions - member	56,699	61,527	66,710	62,071	63,776	69,224	65,724	72,265	85,301
Net investment income	401,496	79,871	26,467	365,850	243,891	240,697	153,104	1,056,960	(612,644)
Benefit payments, including refunds of member contributions	(218,579)	(210,289)	(227,020)	(257,142)	(269,391)	(270,519)	(265,861)	(258,970)	(246,518)
Administrative expense	(5,928)	(5,878)	(5,785)	(6,400)	(6,835)	(7,202)	(7,672)	(7,829)	(9,517)
Other	1	-	-	-	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	372,288	89,304	38,266	329,902	199,969	216,797	120,557	1,038,616	(589,142)
<b>Plan fiduciary net position - beginning</b>	2,464,918	2,837,205	2,926,509	2,964,775	3,294,677	3,494,646	3,711,443	3,832,000	4,870,616
<b>Plan fiduciary net position - ending (b)</b>	\$ 2,837,206	2,926,509	2,964,775	3,294,677	3,494,646	3,711,443	3,832,000	4,870,616	4,281,474
<b>Net pension liability - ending (a) - (b)</b>	\$ 682,569	780,327	870,794	717,917	742,311	664,414	490,734	(135,704)	383,247
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	80.61%	78.95%	77.30%	82.11%	86.14%	74.53%	71.51%	89.86%	91.78%
<b>Covered employee payroll</b>	1,235,689	1,375,285	1,390,450	1,331,141	1,401,347	1,519,736	1,373,414	1,508,203	1,542,022
<b>Net pension liability as a percentage of covered - employee payroll</b>	55.24%	56.74%	62.63%	53.93%	63.19%	74.53%	71.51%	50.30%	24.85%

\* Complete data for this schedule is not available prior to 2015.

Data reported is measured as of July 1, 2022.

**City of Stroud, Oklahoma**  
**Schedule of Employer Contributions**  
**Oklahoma Municipal Retirement Fund**  
**Last 10 Fiscal Years\***

		2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$	138,599	164,073	177,894	165,523	168,311	184,597	175,262	176,190	194,236
Contributions in relation to the actuarially determined contribution		138,599	164,073	177,894	165,523	168,311	184,597	175,262	176,190	194,236
Contribution deficiency (excess)	\$	-	-	-	-	-	-	-	-	-
Total pension liability - beginning	\$	1,235,689	1,375,285	1,390,450	1,331,141	1,401,347	1,519,736	1,373,414	1,508,203	1,542,022
Contributions as a percentage of covered-employee payroll		11.22%	11.93%	12.79%	12.43%	12.01%	12.15%	12.76%	11.68%	12.60%

**Notes to Schedule:**

1. Only the current fiscal year is presented because 10 year data is not available.
2. Latest Valuation Date: July 1, 2023
3. Actuarially determined contribution rate is calculated as of July 1, 2016 through July 1, 2023.
  - 2016 - 13.33%
  - 2017 - 13.23%
  - 2018 - 13.36%
  - 2019 - 13.36%
  - 2020 - 12.94%
  - 2021 - 11.82%
  - 2022 - 10.03%
  - 2023 - 10.09%
4. Methods and assumptions used to determine contribution rates:
  - Actuarial cost method - Entry age normal
  - Amortization method - Level percent of payroll, closed
  - Remaining amortization period - 26 years
  - Asset valuation method - Actuarial:
  - to 7.42% (varies by attained age)
  - Recognition method - Non-asymptotic
  - Corridor - 70% - 130%
  - Salary increases - 4.00% to 7.42% (varies by attained age)
  - Investment rate of return - 7.50%

**City of Stroud, Oklahoma**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
**June 30, 2024**

	Special Revenue Funds						Capital Project Fund	
	Street & Alley	Airport Fund	Library Society Fund	Drug Fund	Grant Fund	HRA Fund	Cemetery Care Funds	Nonmajor Governmental Funds
<b><u>ASSETS</u></b>								
Cash and cash equivalents	\$ 201,118	46,443	5,634	636	10,800	1,277	54,176	320,084
Due from other governments	4,133	-	-	-	-	-	-	4,133
Due from other funds	-	-	-	-	-	-	27	27
<b>TOTAL</b>	<b>205,251</b>	<b>46,443</b>	<b>5,634</b>	<b>636</b>	<b>10,800</b>	<b>1,277</b>	<b>54,203</b>	<b>324,244</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>								
Liabilities:								
Accounts payable	2,588	-	-	-	-	-	-	2,588
Deposits subject to refund	-	-	-	-	-	1,277	-	1,277
Due to other funds	-	2,282	-	-	-	-	-	2,282
Due to Stroud Industrial Authority	-	-	-	-	10,800	-	-	10,800
<b>Total Liabilities</b>	<b>2,588</b>	<b>2,282</b>	<b>-</b>	<b>-</b>	<b>10,800</b>	<b>1,277</b>	<b>-</b>	<b>16,947</b>
Fund balances:								
Restricted	202,663	44,161	5,634	636	-	-	54,203	307,297
Assigned	-	-	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>202,663</b>	<b>44,161</b>	<b>5,634</b>	<b>636</b>	<b>-</b>	<b>-</b>	<b>54,203</b>	<b>307,297</b>
<b>TOTAL</b>	<b>\$ 205,251</b>	<b>46,443</b>	<b>5,634</b>	<b>636</b>	<b>10,800</b>	<b>1,277</b>	<b>54,203</b>	<b>324,244</b>

**City of Stroud, Oklahoma**  
**Combining Statement of Revenues, Expenses and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2024**

	Special Revenue Funds						Capital Project Fund	Total Nonmajor Governmental Funds
	Street & Alley	Airport Fund	Library Society Fund	Drug Fund	Grant Fund	HRA Fund	Cemetery Care Funds	
<b>REVENUES</b>								
Taxes	\$ 26,794	-	-	-	-	-	-	26,794
Intergovernmental	7,590	-	10,345	-	-	-	-	17,935
Charge for services	-	-	-	-	-	-	3,621	3,621
Miscellaneous	-	300	-	-	-	-	-	300
Interest	-	1,589	-	-	-	-	2,202	3,791
Total revenues	<u>34,384</u>	<u>1,889</u>	<u>10,345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,823</u>	<u>52,441</u>
<b>EXPENDITURES</b>								
Maintenance & operations	2,588	-	9,847	-	-	-	538	12,973
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>2,588</u>	<u>-</u>	<u>9,847</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>538</u>	<u>12,973</u>
Excess (deficiency) of revenues over expenditures	<u>31,796</u>	<u>1,889</u>	<u>498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,285</u>	<u>39,468</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	31,796	1,889	498	-	-	-	5,285	39,468
Fund balances-beginning	170,867	39,572	5,136	636	-	-	48,918	265,129
Fund balances-ending	<u>\$ 202,663</u>	<u>41,461</u>	<u>5,634</u>	<u>636</u>	<u>-</u>	<u>-</u>	<u>54,203</u>	<u>304,597</u>

**City of Stroud, Oklahoma**  
**Combining Statement of Net Position**  
**Discretely Presented Component Units**  
**June 30, 2024**

	Stroud Industrial <u>Authority</u>	Stroud Hospital and Development <u>Authority</u>	Total Component <u>Units</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 1,434,985	129,064	1,564,049
Investments	-	241,315	241,315
Grants receivable	10,620	-	10,620
Loans receivable	14,020	-	14,020
Leases receivable	346,836	-	346,836
Due from the City of Stroud	10,800	-	10,800
Internal balances	(12,976)	12,976	-
Other assets	-	1,652	1,652
<b>Noncurrent assets:</b>			
Leases receivable	457,862	-	457,862
Land, improvements, and construction in progress	489,754	32,000	521,754
Other capital assets, net of depreciation	78,691	296,703	375,394
	<hr/>	<hr/>	<hr/>
Total assets	2,830,592	713,710	3,544,302
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	23,800	21,032	44,832
Deferred revenue	-	409	409
Deposits subject to refund	-	11,900	11,900
Current portion of long-term debt	93,846	-	93,846
<b>Noncurrent liabilities:</b>			
Long-term debt	410,049	-	410,049
	<hr/>	<hr/>	<hr/>
Total liabilities	527,695	33,341	561,036
	<hr/>	<hr/>	<hr/>
Deferred inflows of resources - Leases	804,698	-	804,698
	<hr/>	<hr/>	<hr/>
<b>NET POSITION</b>			
Net investment in capital assets	64,549	328,703	393,252
Unrestricted	1,433,650	351,666	1,785,316
	<hr/>	<hr/>	<hr/>
Total net position	\$ 1,498,199	680,369	2,178,568
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**City of Stroud, Oklahoma**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Discretely Presented Component Units**  
*June 30, 2024*

	Stroud Industrial <u>Authority</u>	Stroud Hospital and Development <u>Authority</u>	Total Component <u>Units</u>
<b>Operating revenues:</b>			
Rental income	\$ 449,825	53,415	503,240
Rental income - Prairie Pointe	-	746,215	746,215
Other	5,616	6,376	11,992
	<u>455,441</u>	<u>806,006</u>	<u>1,261,447</u>
Total operating revenues			
<b>Operating expenses:</b>			
Office and administrative	8,881	5,971	14,852
Maintenance and operations	48,272	408	48,680
Assisted living center - Prairie Point	-	587,561	587,561
Depreciation and amortization	5,411	16,504	21,915
	<u>62,564</u>	<u>610,444</u>	<u>673,008</u>
Total operating expenses			
Operating income (loss)	392,877	195,562	588,439
<b>Nonoperating revenues and expenses:</b>			
Interest income	44,469	14,105	58,574
Grant revenue	249,611	-	249,611
Gain (loss) on sale of assets	(49,916)	-	(49,916)
Miscellaneous revenues (expense)	249	14,044	14,293
Transfer - Stroud Utilities Authority	-	(275,406)	(275,406)
Interest expense and fiscal charges	(26,318)	-	(26,318)
	<u>218,095</u>	<u>(247,257)</u>	<u>(29,162)</u>
Total nonoperating revenues (expenses)			
Change in net position	610,972	(51,695)	559,277
Net position - beginning	1,744,348	732,064	2,476,412
Capital contributions	(857,121)	-	(857,121)
	<u>(857,121)</u>	<u>-</u>	<u>(857,121)</u>
Net position-ending	\$ <u>1,498,199</u>	<u>680,369</u>	<u>2,178,568</u>

City of Stroud, Oklahoma  
Stroud Utilities Authority  
Debt Service Coverage Schedule  
*For the Year Ended June 30, 2024*

Gross Revenue Available For Debt Service:

Pledged sales tax (1 cents)	\$ 562,747
System-wide (electric, water and sewer) gross revenues	<u>7,019,217</u>
Total Gross Revenues Available	<u>7,581,964</u>
System-wide operating expense - Exclusive of capital improvements, debt service and depreciation	<u>5,731,806</u>
Net Revenues Available for Debt Service	<u>\$ 1,850,158</u>

Debt Service Requirements:

OWRB Revenue Note - Series 2005	116,545
OWRB Revenue Note - Series 2011	41,080
OWRB Revenue Note - Series 2012	156,012
Utility and Sales Tax Revenue Note - Series 2014	<u>277,817</u>
Maximum annual debt service	<u>\$ 591,454</u>
Coverage	<u>3.13</u>

**City of Stroud, Oklahoma**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2024**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM/ CLUSTER TITLE	FEDERAL ASSISTANCE LISTING NUMBER	PASS - THROUGH GRANTOR NUMBER	FEDERAL EXPENDITURES
<u>U.S. Department of Transportation</u>			
<i>Direct Assistance:</i>			
Federal Aviation Administration:			
Airport Improvement Program	20.106	3-40-0091-012-2021	111,738
Airport Improvement Program - CARES	20.106	3-40-0091-011-2020	20,000
Airport Improvement Program	20.106	3-40-0091-015-2023	82,350
Total U.S. Department of Transportation			214,088
<u>U.S. Department of Treasury</u>			
<i>Passed through the Oklahoma Office of Management and Enterprise Services:</i>			
<i>Direct Assistance:</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	18,230
Total U.S. Department of Treasury			18,230
<u>National Endowment for the Arts</u>			
<i>Passed through the Oklahoma Department of Library:</i>			
LSTA Technology Grant	45.310	FY 22	3,515
LSTA Technology Grant	45.310	FY 23	2,351
Total National Endowment for the Arts			5,866
Total Expenditures of Federal Awards			\$ 238,184

1. The Schedule of Expenditures of Federal Awards is prepared on an accrual basis of accounting. The expenditures are recorded when the liability is incurred regardless of when the award proceeds are received.
2. The City has not been notified of any noncompliance with federal award requirements. Any liability for reimbursement which may arise as a result of these audits can not be reasonably determined at this time, although it is believed the amount, if any, would not be material.

**City of Stroud, Oklahoma**  
**Schedule of Expenditures of State Awards**  
**For the Year Ended June 30, 2024**

STATE GRANTOR/ PASS-THROUGH GRANTOR/ <u>PROGRAM TITLE</u>	<u>GRANTOR NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>STATE EXPENDITURES</u>
<b>STATE PROGRAMS</b>			
<u>State of Oklahoma</u>			
<i>Oklahoma Office of Attorney General:</i>			
Rural Fire Grant	FY 2023	\$ 4,763	4,763
<i>Oklahoma Aeronautics Commission:</i>			
T-Hanger Grant	SUD-22-HS	300,000	292,364
Taxilane Grant	SUD-22-S	313,191	62,343
<i>Oklahoma Department of Libraries:</i>			
Oklahoma State Aid Grant	FY 2022	5,147	5,884
<i>Passed through the Central Oklahoma Economic Development District:</i>			
Senior Citizen Van Program	FY 2023	25,000	25,000
Rural Economic Action Plan Funds - REAP Grant	FY 2023	31,000	98,566
Total State of Oklahoma			<u>488,920</u>
Total State Awards		\$	<u><u>488,920</u></u>

1. The Schedule of Expenditures of State Awards is prepared on an accrual basis of accounting. The expenditures are recorded when the liability is incurred regardless of when the award proceeds are received.
2. The City has not been notified of any noncompliance with state award requirements. Any liability for reimbursement which may arise as a result of these audits can not be reasonably determined at this time, although it is believed the amount, if any, would not be material.



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Certified Public Accountants

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Phone: 405-732-1800

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Users of the City of Stroud, Oklahoma, Annual Financial Report

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Stroud, Oklahoma, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City of Stroud, Oklahoma's basic financial statements, and have issued our report thereon dated October 21, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Stroud, Oklahoma's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Stroud, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Stroud, Oklahoma's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**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* - Continued**

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Stroud, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Dillon & Associates, PC*

Midwest City, Oklahoma  
October 21, 2024