
THE CITY OF MCLOUD

**(Including the McCloud Public Works Authority; and the McCloud Economic
Development Authority)**

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION - MODIFIED CASH BASIS	3
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS	4
FUND FINANCIAL STATEMENTS	
BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS	5
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS	6
STATEMENT OF NET POSITION - MODIFIED CASH BASIS - PROPRIETARY FUND	7
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - MODIFIED CASH BASIS - PROPRIETARY FUND	8
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS - PROPRIETARY FUND	9
NOTES TO THE BASIC FINANCIAL STATEMENTS	10
SUPPLEMENTARY INFORMATION	
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND	21
BUDGETARY COMPARISON SCHEDULE - STREET & ALLEY FUND	22
BUDGETARY COMPARISON SCHEDULE - CEMETERY CARE FUND	23
BUDGETARY COMPARISON SCHEDULE - LAKE FUND	24
SCHEDULE OF FEDERAL AWARDS	25
SCHEDULE OF STATE AWARDS	25
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	26

Russell & Williams, CPAs, P.C.

Casey J. Russell, C.P.A., M.B.A.
Autumn L. Williams, C.P.A., Esq.
Eric J. Russell, C.P.A., Esq.

2812 NW 57th St. Suite 102
Oklahoma City, OK 73112

405-607-8743

accountants@russellandwilliams.com

Member AICPA & OSCP

To the City Council
City of McLoud

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of McLoud, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of McLoud's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of McLoud, as of June 30, 2022, and the respective changes in modified cash basis financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1A.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of McLoud and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter—Basis of Accounting

We draw attention to Note 1A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 of McLoud's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of McLoud's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of McLoud's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of McLoud's basic financial statements. The budgetary comparison schedules on pages 21, 22 and 23 and the schedules of federal and state awards on page 24 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules and schedules of awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 budgetary comparison 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 August 16, 2023, on our consideration of the City of McLoud's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of McLoud's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of McLoud's internal control over financial reporting and compliance.

Russell & Williams, CPAs, P.C.



Oklahoma City, Oklahoma
August 16, 2023

THE CITY OF MCLOUD
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total 2022
ASSETS			
Current assets:			
Cash and demand deposits	860,385	765,862	1,626,247
Restricted cash and investments	161,994	6,328,348	6,490,342
Due from other governments	42,472	0	42,472
Total current assets	1,064,851	7,094,210	8,159,061
Noncurrent assets:			
Capital assets:			
Depreciable capital assets	4,473,938	8,052,262	12,526,200
Accumulated depreciation	(2,687,913)	(4,199,056)	(6,886,969)
Construction in progress	7,963	300,618	308,581
Land	5,000	103,465	108,465
Net capital assets	1,798,988	4,257,289	6,056,277
Total assets	2,863,839	11,351,499	14,215,338
LIABILITIES			
Current liabilities:			
Payroll liabilities	2,580	0	2,580
Current portion of debt	18,937	438,766	457,703
Total current liabilities	21,517	438,766	460,283
Noncurrent liabilities:			
Refundable deposits	0	58,901	58,901
Debt, less current portion	4,120	7,769,192	7,773,312
Total noncurrent liabilities	4,120	7,828,093	7,832,213
Total liabilities	25,637	8,266,859	8,292,496
NET POSITION			
Net investment in capital assets	1,775,931	(3,950,669)	(2,174,738)
Restricted for:			
Fire department	120,376	0	120,376
Insurance reserves	41,618	0	41,618
Streets	14,491	0	14,491
Cemetery	19,287	0	19,287
Unrestricted	866,499	7,035,309	7,901,808
TOTAL NET POSITION	\$2,838,202	\$3,084,640	\$5,922,842

THE CITY OF MCLLOUD
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total 2022
Governmental activities:							
General government	(249,648)	0	0	414,195	164,547	0	164,547
Court	(102,697)	103,568	0	0	871	0	871
Library	(25,064)	0	0	0	(25,064)	0	(25,064)
Parks and recreation	(96,927)	2,275	0	0	(94,652)	0	(94,652)
Police *	(761,703)	39,403	5,500	0	(716,800)	0	(716,800)
Fire	(350,819)	11,135	57,561	78,543	(203,580)	0	(203,580)
Emergency management	(4,325)	0	0	0	(4,325)	0	(4,325)
General cemetery	(15,149)	5,300	0	0	(9,849)	0	(9,849)
Code enforcement	(67,608)	33,360	0	0	(34,248)	0	(34,248)
Cemetery care	0	1,500	0	0	1,500	0	1,500
Streets **	(342,688)	0	75,248	85,410	(182,030)	0	(182,030)
Lake	(138,305)	144,747	0	0	6,442	0	6,442
Total governmental activities	(2,154,933)	341,288	138,309	578,148	(1,097,188)	0	(1,097,188)
Business-type activities:							
Sewer ***	(712,232)	390,045	0	0	0	(322,187)	(322,187)
Trash ****	(283,773)	443,695	0	0	0	159,922	159,922
Water *****	(264,385)	568,315	0	0	0	303,930	303,930
Economic development	0	4,196	0	0	0	4,196	4,196
Total business-type activities	(1,260,390)	1,406,251	0	0	0	145,861	145,861
Total all activities	(3,415,323)	1,747,539	138,309	578,148	(1,097,188)	145,861	(951,327)
General revenues:							
Taxes:							
Sales and use taxes levied for general purposes					777,616	0	777,616
Sales taxes levied for street maintenance					217,934	0	217,934
Sales taxes levied for infrastructure					217,934	0	217,934
Franchise and public service taxes					100,257	0	100,257
Intergovernmental					31,974	0	31,974
Payments in lieu of taxes					260,211	0	260,211
Other revenues					92,964	101,040	194,004
Investment income					3,224	3,680	6,904
Transfers					(422,637)	422,637	0
Total general revenues and transfers					1,279,477	527,357	1,806,834
Change in net position					182,289	673,218	855,507
Beginning net position					2,655,913	2,411,422	5,067,335
Ending net position					\$2,838,202	\$3,084,640	\$5,922,842

* Includes \$1,288 interest

** Includes \$452 interest

*** Includes \$224,766 interest

**** Includes \$2,547 interest

***** Includes \$2,474 interest

THE CITY OF MCLOUD
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Street Fund	Other Funds	Total 2022
ASSETS				
Cash and demand deposits	779,713	14,491	66,181	860,385
Restricted cash	161,994	0	0	161,994
Due from other governments	0	0	42,472	42,472
Due from other funds	82,999	0	0	82,999
Total assets	1,024,706	14,491	108,653	1,147,850
LIABILITIES				
Payroll liabilities	2,580	0	0	2,580
Due to other funds	0	0	82,999	82,999
Total liabilities	2,580	0		85,579
FUND BALANCE				
Restricted for:				
Fire department	120,376	0	0	120,376
Insurance reserves	41,618	0	0	41,618
Streets	0	14,491	0	14,491
Cemetery	0	0	19,287	19,287
Lake			6,367	6,367
Unrestricted				
Unassigned	860,132	0	0	860,132
Total fund balance	1,022,126	14,491	25,654	1,062,271
TOTAL LIABILITIES AND FUND BALANCE	\$1,024,706	\$14,491	\$25,654	\$1,147,850
Reconciliation of general fund balance to net position of governmental activities:				
Fund balance	1,022,126	14,491	25,654	1,062,271
Capital assets	2,869,003	1,602,452	15,446	4,486,901
Accumulated depreciation	(1,971,161)	(709,139)	(7,613)	(2,687,913)
Note payable	(12,163)	(10,894)	0	(23,057)
Net position	\$1,907,805	\$896,910	\$33,487	\$2,838,202

THE CITY OF MCLLOUD
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Street Fund	Other Funds	Total 2022
REVENUES				
Sales and use taxes	777,616	217,934	0	995,550
Restricted sales tax	217,934	0	0	217,934
Franchise taxes	100,257	0	0	100,257
Shared taxes	86,536	45,500	0	132,036
Payments in lieu of taxes	260,211	0	0	260,211
Fines and fees	103,568	0	0	103,568
Licenses and permits	32,980	0	51,815	84,795
Sales and services	58,493	0	82,674	141,167
Donations	8,500	0	0	8,500
Grants	492,738	115,159	0	607,897
Other revenues	102,840	0	11,759	114,599
TOTAL REVENUES	2,241,673	378,593		2,766,514
EXPENDITURES				
General government	240,975	0	0	240,975
Court	101,746	0	0	101,746
Library	14,250	0	0	14,250
Parks and recreation	74,093	0	0	74,093
Police	698,498	0	0	698,498
Fire	320,298	0	0	320,298
Emergency management	3,025	0	0	3,025
General cemetery	15,149	0	0	15,149
Code enforcement	67,608	0	0	67,608
Lake	0	0	136,095	136,095
Streets	0	278,228	0	278,228
Debt service	23,808	11,055	0	34,863
Capital outlay	136,125	85,410	0	221,535
TOTAL EXPENDITURES	1,695,575	374,693	136,095	2,206,363
REVENUES OVER (UNDER) EXPENDITURES	546,098	3,900	(136,095)	560,151
OTHER FINANCING SOURCES (USES)				
Interfund transfers	(414,195)	0	(8,442)	(422,637)
NET OTHER FINANCING SOURCES (USES)	(414,195)	0	(8,442)	(422,637)
NET CHANGE IN FUND BALANCES	131,903	3,900	(144,537)	137,514
BEGINNING FUND BALANCE	890,223	10,591	23,943	924,757
ENDING FUND BALANCE	\$1,022,126	\$14,491	(\$120,594)	\$1,062,271
Reconciliation of the change in the general fund balance to the change in net position of governmental activities:				
Net change in fund balances - total governmental funds	131,903	3,900	1,711	137,514
Capital asset purchases capitalized	136,125	85,410	0	221,535
Depreciation expense	(138,297)	(64,009)	(2,210)	(204,516)
Principal payments	22,519	11,672	0	34,191
Loss on disposal of fixed assets	(6,435)	0	0	(6,435)
Change in net position of governmental activities	\$145,815	\$36,973	(\$499)	\$182,289

THE CITY OF MCLOUD
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
JUNE 30, 2022

	McCloud Public Works Authority	McCloud Economic Development Authority	Total Proprietary Funds
ASSETS			
Current assets:			
Cash and cash equivalents	550,588	215,274	765,862
Restricted cash and investments	6,328,348	0	6,328,348
Total current assets	6,878,936	215,274	7,094,210
Noncurrent assets:			
Capital assets:			
Depreciable property and equipment	8,052,262	0	8,052,262
Accumulated depreciation	(4,199,056)	0	(4,199,056)
Land	103,465	0	103,465
Construction in progress	300,618	0	300,618
Net capital assets	4,257,289	0	4,257,289
Total assets	11,136,225	215,274	11,351,499
LIABILITIES			
Current liabilities:			
Current portion of debt	438,766	0	438,766
Total current liabilities	438,766	0	438,766
Noncurrent liabilities:			
Refundable deposits	58,901	0	58,901
Debt, less current portion	7,769,192	0	7,769,192
Total noncurrent liabilities	7,828,093	0	7,828,093
Total liabilities	8,266,859	0	8,266,859
NET POSITION			
Net investment in capital assets	(3,950,669)	0	(3,950,669)
Unrestricted	6,820,035	215,274	7,035,309
Total net position	\$2,869,366	\$215,274	\$3,084,640

THE CITY OF MCLOUD
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	McCloud Public Works Authority	McCloud Economic Development Authority	Total Proprietary Funds
OPERATING REVENUES			
Sewer	390,045	0	390,045
Trash	443,695	0	443,695
Water	568,315	0	568,315
Late payment fees	24,729	0	24,729
Other income	76,311	4,196	80,507
Total operating revenues	1,503,095	4,196	1,507,291
OPERATING EXPENSES			
Administration	169,736	0	169,736
Sewer	436,144	0	436,144
Trash	224,647	0	224,647
Water	205,032	0	205,032
Total operating expenses	1,035,559	0	1,035,559
OPERATING INCOME (LOSS)	467,536	4,196	471,732
NON-OPERATING REVENUES (EXPENSES)			
Interest income	3,680	0	3,680
Interest expense	(224,831)	0	(224,831)
Total non-operating revenues (expenses)	(221,151)	0	(221,151)
INCOME (LOSS) BEFORE TRANSFERS	246,385	4,196	250,581
Net interfund transfers	414,195	8,442	422,637
CHANGE IN NET POSITION	660,580	12,638	673,218
BEGINNING NET POSITION	2,208,786	202,636	2,411,422
ENDING NET POSITION	<u>\$2,869,366</u>	<u>\$215,274</u>	<u>\$3,084,640</u>

THE CITY OF MCLLOUD
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	McLoud Public Works Authority	McLoud Economic Development Authority	Total Proprietary Funds
Cash flows from operations:			
Cash received from:			
Customers	1,503,095	28,160	1,531,255
Cash payments for:			
Goods and services	(499,862)	0	(499,862)
Employees	(268,940)	0	(268,940)
Net cash provided from operations	734,293	28,160	762,453
Cash flows from capital financing activities:			
Transfers to trust accounts	(215,785)	0	(215,785)
Capital expenditures	(195,634)	0	(195,634)
Principal payments	(317,919)	0	(317,919)
Interest payments	(61,199)	0	(61,199)
Net cash from capital financing activities	(790,537)	0	(790,537)
Cash flows from non-capital financing activities:			
Interfund transfers	0	8,442	8,442
Net cash from non-capital financing activities	0	8,442	8,442
Cash flows from investing activities:			
Interest income	0	0	0
Net cash provided from investing activities	0	0	0
Net increase (decrease) in cash	(56,244)	36,602	(19,642)
Beginning cash	606,832	178,672	785,504
Ending cash	\$550,588	\$215,274	\$765,862
Reconciliation of income from operations to net cash from operations:			
Operating income (loss)	467,536	4,196	471,732
Adjustments to income from operations:			
Depreciation and amortization	271,005	0	271,005
Change in assets and liabilities:			
(Increase) decrease in receivables	0	8,884	8,884
Increase (decrease) in interfund payables	(4,248)	15,080	10,832
Net cash provided by operations	\$734,293	\$28,160	\$762,453

Supplemental information:

Trust accounts activity

Beginning balance	6,042,154
Project expenditures	(202,200)
Interest and dividends	3,680
Interest expenditures	(204,166)
From McLoud PWA	215,785
Ending balance	<u>\$5,855,253</u>

The City of McCloud
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2022

1. Summary of Significant Accounting Policies

1A. Introduction

The City's financial statements are prepared using the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles (GAAP) in the United States of America. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP in substance but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting. Generally, that means that only items arising from cash transactions are recorded. Accounts receivable and accounts payable, for instance, are generally not recorded.

1B. Financial Reporting Entity

The City of McCloud (City), established in 1895, operates under the council-manager form of government and provides the following major services: public safety, streets, public improvements, planning and zoning, and general administration. In conformity with GASB-61, the financial statements of the following component units have been included in the financial reporting entity as blended component units because their operating and financial relationships are significant to the City.

1B1. Blended Component Units

The McCloud Public Works Authority (MPWA), established November 1, 1979, an entity legally separate from the City, is governed by the same council that governs the City. For financial reporting purposes, the MPWA is reported as the City's utility fund, because its purpose is to finance and provide water, sewer, and trash services to the citizens of the City. The MPWA does not present separate financial statements.

The McCloud Economic Development Authority (MEDA), established March 28, 1991, an entity legally separate from the City, is governed by the same council that governs the City. For financial reporting purposes, the MEDA is reported as the City's economic development fund because its purpose is to promote the economic growth and development of the City. The MEDA does not present separate financial statements.

1C. Basis of Presentation

1C1. Fund Accounting

The City uses fund accounting to maintain its financial records. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues and expenditures. The City's funds are organized into two categories:

The City of McCloud
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2022

governmental and proprietary. Within these categories, funds are further defined as major or non-major. The emphasis in fund financial statements is on major funds in either the governmental or business-type activities categories as defined by GASB 34. The City has three governmental funds and two proprietary funds.

Governmental funds:

General fund: The general fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all financial resources not accounted for and reported in another fund.

Special revenue funds: These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The City's street and alley fund, cemetery fund, and lake fund are special revenue funds.

Proprietary funds:

Enterprise funds: These funds are used to account for business-type activities provided to the general public and financed primarily by user charges. The McCloud Public Works Authority and the McCloud Economic Development Authority are the City's two enterprise funds.

1C2. Major and Nonmajor Funds

The emphasis in fund financial statements is on major funds in either the governmental or proprietary fund categories. Nonmajor funds by category are summarized into a single column. GASB-34 sets forth the following minimum criteria for the determination of major funds, except that the general fund is always major:

Total assets, liabilities, revenues, or expenditures/expenses are at least 10% of the corresponding total for all funds of the same type; and

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or business-type fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The City's major funds are the general fund, the street and alley fund, and the MPWA. The remaining funds are nonmajor.

1C3. Basis of Accounting and Measurement Focus

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Measurement focus is a term used to describe which transactions are recorded.

The City of McCloud
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2022

1C3a. Modified Cash Basis of Accounting

The modified cash basis of accounting is a comprehensive basis of accounting other than GAAP and is a modification of the pure cash basis of accounting. Professional standards define the cash basis of accounting *as a basis of accounting an entity uses to record cash receipts and disbursements, and modifications of the cash basis having substantial support (for example, recording depreciation on fixed assets.)* Although the modified cash basis of accounting is not separately defined by professional standards, the modifications to the cash basis have evolved over time through common practice, and generally result when cash receipts or disbursements provide a benefit or obligation covering multiple reporting periods, and the reporting of the cash transaction would be more meaningful to financial statement users if spread over those multiple periods.

For modifications to be considered to have substantial support, they should:

1. be made as a result of cash receipts or disbursements;
2. have substantial support in GAAP or other accounting literature; and
3. be logical.

1C4. Government-wide Financial Statements

Government-wide financial statements are highly aggregated financial statements that present financial information for all assets, deferred outflows, liabilities, deferred inflows, and net position using the economic resources measurement focus within the limitations of the modified cash basis of accounting. This means that revenues are recorded when received and expenses, with the exception of capitalizing and depreciating capital assets, are recorded when paid. The government-wide financial statements required are the statement of net position and the statement of activities. These financial statements are designed to help users assess the finances of a government in its entirety, including the year's operating results; determine whether the government's overall financial position improved or deteriorated; and evaluate whether the government's current-year revenues were sufficient to pay for current year services. They are also designed to help users assess the cost of providing services to its citizenry; determine how the government finances its programs; understand the extent to which the government has invested in capital assets; and make better comparisons between governments.

1C5. Governmental Fund Financial Statements

Governmental fund financial statements focus primarily on the sources, uses, and balances of current financial resources. They are presented using the current financial resources measurement focus and the modified cash basis of accounting. Revenues are recognized when they are received, and expenditures are recorded when paid. The financial statements required for governmental funds are the balance sheet and the statement of revenues, expenditures, and changes in fund balance. The governmental fund balance sheet does not present capital assets or long-term liabilities. Instead, the statement of revenues, expenditures and changes in fund balance reports the financial resource inflows and outflows arising from the disposition and acquisition of capital assets, the issuance and repayment of long-term debt, and maturation of

The City of McCloud
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2022

non-debt long-term liabilities. Capital assets and long-term liabilities associated with and generally arising from activities reported in governmental funds are reported only in the government-wide financial statements.

1C6. Proprietary Fund Financial Statements

Proprietary funds utilize an economic resources measurement focus within the limitations of the modified cash basis of accounting, the objectives of which involves the determination of operating income, changes in net position, net position, and cash flows. The accounting principles applicable are those similar to businesses in the private sector. The City maintains one proprietary fund, which is an enterprise fund. Enterprise funds are used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues; has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges; or establishes fees and charges based on a pricing policy designed to recover similar costs.

1D. Cash and Cash Equivalents

The City has defined cash and cash equivalents to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

1E. Deposits and Investments

The governing body has not formally adopted deposit and investment policies that limit the government's allowable deposits or investments or that address the specific types of risk to which the government is exposed. However, it is the policy of the governing body to require deposits in excess of FDIC limits to be collateralized as required by Oklahoma Statutes.

1F. Interfund Activity

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other Interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

1G. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at cost. Infrastructure assets such as streets that were constructed prior to the adoption of GASB

The City of McCloud
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2022

34 are not required to be reported and are not reported. In the general fund financial statements, capital assets are expensed as capital outlay. In the proprietary fund financial statements and in the government-wide financial statements, capital assets are capitalized and depreciation on all capital assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	15 to 40 years
Equipment	5 to 15 years
Utility systems	25 to 40 years

1H. Equity Classifications

In the government-wide statements, equity is classified as net position and reported in three components as follows:

1. Net investment in capital assets – Capital assets, net of accumulated depreciation, are reduced by the outstanding balances of any debt attributable to their acquisition, construction, or improvement.
2. Restricted – Assets that have had constraints placed upon them either by external sources such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation.
3. Unrestricted – All other net position is reported in this category.

In the fund financial statements, governmental fund equity is classified as fund balance and reported as needed in five components as follows:

1. Nonspendable – amounts not in a spendable form, or legally or contractually required to be maintained intact.
2. Restricted – constraints placed on fund balance are externally imposed by creditors, grantors, or other governments; or are imposed by law through constitutional provisions or enabling legislation.
3. Committed – amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the individual government's highest level of decision making authority, which is by ordinance.
4. Assigned – constraints placed on fund balance are imposed by the government's intent that it be used for specific purposes but are neither restricted nor committed. An individual government must define and disclose how it expresses its intent for purposes of making assignments. For the City, this intent is expressed by using purchase orders encumbering amounts for assigned purposes as approved by the board of trustees.
5. Unassigned – remaining fund balance in excess of all other classifications.

The City of McCloud
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2022

1I. Revenues and Expenditures

Program revenues in the government-wide statements include charges paid by the recipients of the goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. In proprietary funds, operating revenues and expenses result from providing the goods or services that are the funds principal ongoing operations. Revenues and expenses not meeting this definition are nonoperating revenues and expenses. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue based on GASB-33.

1J. Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as needed. When both assigned and unassigned resources are available for use, it is the government's policy to use assigned resources first, and then unassigned resources as needed.

2. Deposits and Investments

The State of Oklahoma allows municipalities to invest in the following: direct obligations of the U.S. Government, its agencies, or instrumentalities; collateralized or insured certificates of deposit; insured savings accounts or savings certificates; and county, municipal or school district direct debt.

The City has insured deposits of \$456,300. Deposits of \$340,347 are collateralized with securities held by a pledging financial institution or by its trust department or agent, but not in the City's name. Sweep accounts of \$1,283,469 are not insured or collateralized but are invested in the same types of investments discussed above. Trust accounts for debt service of \$53,721 and project funds of \$5,801,532 are not insured or collateralized but are invested in Federated US Treasury funds.

3. Restricted Cash

County sales tax funds restricted for the City's fire department are reported in the City's financial statements for accountability and control purposes. The county spends the funds for City operations at the City's request and title for all equipment purchased with these funds resides with the county. Balances reflected in the financial statements are: cash - \$120,376; intergovernmental revenues - \$54,561; expenditures: \$21,860.

Refundable insurance reserves held by the insurance company of \$41,618 are also included in restricted cash. Such reserves may be refunded if not used for outstanding claims.

The City of McCloud
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2022

4. Compliance and Accountability

The PWA is required to maintain sufficient utility rates so that net revenues, as defined in the loan agreement, meet or exceed 1.25 times the maximum annual debt service of \$344,666, which is \$430,832. PWA net revenues for the current fiscal year did meet that requirement.

5. Long-term Debt

Long-term debt activity for the year ended June 30, 2022, was as follows:

Governmental Activities	Beginning			Ending	Due in
<i>Direct Borrowings</i>	Balance	Additions	Reductions	Balance	One Year
Backhoe lease	21,497	0	(11,582)	9,915	9,915
Police car lease	19,850	0	(7,686)	12,164	8,043
Police car lease	14,833	0	(14,833)	0	0
Total	\$56,180	\$0	(\$34,101)	\$22,079	\$17,958
Business-type Activities					
<i>Direct Borrowings</i>					
City hall building	136,190	0	(8,702)	127,488	127,488
OWRB sewer system note	2,200,153	0	(291,301)	1,908,852	298,653
Skid steer lease	50,271	0	(12,198)	38,073	12,625
MPWA vehicle lease	5,718	0	(5,718)	0	0
Total direct borrowings	2,392,332	0	(317,919)	2,074,413	438,766
OWRB sewer system bonds	5,295,000	0	0	5,295,000	0
Total	\$7,687,332	\$0	(\$317,919)	\$7,369,413	\$438,766

Outstanding debt at year end was as follows:

	Interest Rate	Maturity Date	Amount Issued	Outstanding	Security
Governmental Activities					
<i>Direct Borrowings</i>					
Backhoe	2.950%	4/30/23	56,000	9,916	backhoe
Police vehicle	4.550%	12/21/23	37,605	12,163	police vehicle
Total			\$93,605	\$22,079	
Business-type Activities					
<i>Direct Borrowings</i>					
City hall building	4.550%	6/5/23	160,000	127,488	Building
Sewer system	2.508%	3/16/28	5,315,000	1,908,851	utility revenues - 1cent sales tax
Skid steer	3.500%	5/8/20	63,020	38,073	skid steer
Bonds			5,538,020	2,074,412	
Sewer system	Variable	4/14/21	5,295,000	5,295,000	utility revenues - 1cent sales tax
Total			10,833,020	7,369,412	

The City of McCloud
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2022

A summary of debt service requirements to maturity by year is as follows:

Maturity Date	Notes from Direct Borrowings and Direct Placements						Bonds		
	Governmental Activities			Business-type Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2023	17,959.05	521.65	18,480.70	438,766	52,819	491,585	0	211,815	211,815
2024	4,119.75	54.46	4,174.21	319,258	39,148	358,406	0	211,815	211,815
2025	0.00	0.00	0.00	326,298	30,963	357,261	0	211,815	211,815
2026	0.00	0.00	0.00	321,840	22,826	344,666	5,000	211,685	216,685
2027	0.00	0.00	0.00	329,962	14,704	344,666	5,000	211,425	216,425
2028-2032	0.00	0.00	0.00	338,289	6,376	344,666	505,000	1,023,405	1,528,405
2033-2037	0.00	0.00	0.00	0	0	0	955,000	862,050	1,817,050
2038-2042	0.00	0.00	0.00	0	0	0	1,145,000	663,162	1,808,162
2043-2047	0.00	0.00	0.00	0	0	0	1,375,000	422,012	1,797,012
2048-2051	0.00	0.00	0.00	0	0	0	1,305,000	112,455	1,417,455
	\$22,079	\$576	\$22,655	\$2,074,413	\$166,837	\$2,241,250	\$5,295,000	\$4,141,639	\$9,436,639

6. Capital Assets

Capital asset activity for the year just ended is summarized as follows:

	Beginning Balance	Additions	Disposals	Ending Balance	Beginning Depreciation	Additions	Disposals	Ending Depreciation	Book Value
Governmental Activities									
Non-depreciable									
Construction in progress	43,415	0	(35,453)	7,963	0	0	0	0	7,963
Land	5,000	0	0	5,000	0	0	0	0	5,000
Total non-depreciable	48,415	0	(35,453)	12,963	0	0	0	0	12,963
Depreciable									
Land improvements	0	0	0	0	0	0	0	0	0
Buildings & bldg equipment	1,570,412	40,205	0	1,610,617	1,095,764	38,982	0	1,134,746	475,871
Equipment	1,548,049	137,322	(49,156)	1,636,215	1,108,819	119,773	(43,789)	1,184,802	451,413
Roads, bridges, sidewalks	1,147,644	79,462	0	1,227,106	322,602	45,761	0	368,364	858,743
Total depreciable	4,266,105	256,988	(49,156)	4,473,938	2,527,185	204,516	(43,789)	2,687,912	1,786,026
Total governmental	\$4,314,521	\$256,988	(\$84,608)	\$4,486,901	\$2,527,185	\$204,516	(\$43,789)	\$2,687,912	\$1,798,988
Business-type Activities									
Non-depreciable									
Construction in progress	48,903	251,715	0	300,618	0	0	0	0	300,618
Water rights	0	0	0	0	0	0	0	0	0
Land	103,465	0	0	103,465	0	0	0	0	103,465
Total non-depreciable	152,368	251,715	0	404,083	0	0	0	0	404,083
Depreciable									
Buildings & bldg equipment	223,473	0	0	223,473	25,027	5,381	0	30,407	193,066
Equipment	350,385	35,000	0	385,385	212,415	44,610	0	257,025	128,360
Utility systems	7,332,284	111,120	0	7,443,404	3,690,609	221,014	0	3,911,624	3,531,781
Total depreciable	7,906,142	146,120	0	8,052,262	3,928,050	271,005	0	4,199,056	3,853,206
Total business-type	\$8,058,511	\$397,835	\$0	\$8,456,345	\$3,928,050	\$271,005	\$0	\$4,199,056	\$4,257,289

The City of McCloud
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2022

Depreciation expense for the year just ended is as follows:

Governmental Activities		Business-type Activities	
General government	8,673	Sewer	222,218
Court	951	Water	48,788
Library	10,814	Economic development	0
Parks & recreation	22,834		<u>\$271,005</u>
Police department	63,205		
Fire department	30,521		
Emergency management	1,300		
Lake department	2,210		
Street department	64,009		
	<u>\$204,516</u>		

7. Defined Contribution Pension Plan

Oklahoma Municipal Retirement System – City Manager Plan

The city manager participates in the City of McCloud defined contribution pension plan in the form of the Oklahoma Municipal Retirement Fund Master Defined Contribution Plan (OMRF CMO), administered by Bank One of Oklahoma City. Title 11, Oklahoma Statutes 1981, sections 48-101 et. seq. assigns the authority to establish and amend the benefit provisions of the plans that participate in the OMRF CMO to the respective employer entities. The city manager is required to contribute 15% of his gross payroll which the city pays for him. City contributions are variable and are currently 15%. City manager contributions over 15% are optional. Covered payroll for the city manager for the year was \$44,775. Actual city and city manager contributions for the year were \$6,716 and \$6,716 respectively, equal to the required contributions for the year.

8. Defined Benefit Pension Plans

Oklahoma Municipal Retirement System

City employees participate in the Oklahoma Municipal Retirement System as authorized by City ordinance. Title 11, Oklahoma Statutes 1981, section 48-101 et. seq. assigns the authority to establish and amend the benefit provisions of the plans that participate in the System to the respective employer entities. All full-time employees of the City are eligible to participate in the System and full-time employees are fully vested after 7 years. Covered employees are required to contribute 4.5% of their gross payroll, while the City contributes 7.0%. The payroll for City employees for the year was \$991,862. The payroll for City employees covered by the Fund for the year was \$829,895. Actual City and employee contributions for the year were \$58,093 and \$37,276 respectively, equal to the required contributions for the year.

The City of McCloud
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2022

Oklahoma Firefighters Pension and Retirement System

Plan Description. The City contributes to the Oklahoma Firefighters Pension and Retirement System (the System), a cost-sharing, multiple-employer, defined benefit pension plan administered by a 13-member board which acts as fiduciary for investment of funds and the application of plan interpretations. The System provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The

System is a component unit of the State of Oklahoma and is authorized under Title 11, Oklahoma Statutes 1981, sections 48-101 et. seq. The System issues a publicly available financial report that includes financial statements and required supplementary information for the plan and may be obtained from their offices at 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73015, or by calling 1-800-525-7461.

Funding Policy. Volunteer firefighters are not required to contribute, but the City is required to contribute \$60 per volunteer per year. The contribution requirements of the System are an established rate determined by Oklahoma Statutes and are not based on actuarial calculations. The City's contributions to the System for the years ended June 30, 2022, 2021, and 2020 were \$1,560, \$1,320, and \$1,200 respectively, equal to the required contribution for each year.

Funding Policy. Paid firefighters are required to contribute 9%, while the city is required to contribute 14%. The contribution requirement of the OFFPRS is an established rate determined by Oklahoma Statute and is not based on actuarial calculations. The city and employee contributions for the year were \$15,338 and \$9,861 respectively, equal to the required contributions for the year. Eligible payroll was \$109,560.

9. Risk Management

The City is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City manages this risk through the purchase of commercial insurance policies. Risk management activities are accounted for by fund, and claims are recognized when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. For the year just ended, the City received \$14,650 for insurance claims related to city hall and the library.

10. Inter-fund Transactions

	General	Lake	Net
Interfund Loans	Fund	Fund	Internal
Operations	82,999	(82,999)	Balances
			0

The City of McCloud
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2022

Inter-fund Transfers	General Fund	Lake Fund	MPWA	MEDA	Net Transfers
General operations	0	(8,442)	0	8,442	0
Economic development	0	0	0	0	0
Capital projects	0	0	0	0	0
Debt service sales tax	(435,868)	0	435,868	0	0
Debt service sales tax	435,868	0	(435,868)	0	0
Net interfund transfers	0	(8,442)	0	8,442	0

11. Budgets

The board of trustees adopts legally required annual operating budgets each year for all funds. The same modified cash basis of accounting used for financial reporting purposes is used for budgetary purposes. Actual expenditures cannot exceed budgeted appropriations at the department level. Budgetary transfers between departments are approved by the board when required. Supplemental appropriations, if needed, are approved by the board and submitted to the state auditor's office as required by state statutes. All appropriations lapse at the end of the fiscal year.

12. Subsequent Events

Management performed an evaluation of the City's activity through April 11, 2023, the date the financial statements were available to be issued and has concluded that there are no significant subsequent events requiring disclosure through that date.

THE CITY OF MCLOUD
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Budget Basis Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and use taxes	685,000	775,000	777,616	2,616
Restricted sales tax	160,000	215,000	217,934	2,934
Franchise taxes	110,000	110,000	100,257	(9,743)
Shared taxes	70,000	70,000	86,536	16,536
Payments in lieu of taxes	215,000	256,000	260,211	4,211
Fines and fees	100,000	115,000	103,568	(11,432)
Licenses and permits	55,000	28,000	32,980	4,980
Sales and services	90,000	57,000	58,493	1,493
Donations	0	8,500	8,500	0
Grants	4,000	495,000	492,738	(2,262)
Other revenues	62,000	105,000	102,840	(2,160)
TOTAL REVENUES	1,551,000	2,234,500	2,241,673	7,173
EXPENDITURES				
General government	265,000	265,000	240,975	24,025
Court	110,000	118,000	101,746	16,254
Library	10,000	21,000	14,250	6,750
Parks and recreation	90,000	89,000	74,093	14,907
Police	750,000	715,000	698,498	16,502
Fire	270,000	232,500	320,298	(87,798)
Emergency management	5,000	6,000	3,025	2,975
General cemetery	18,000	18,000	15,149	2,851
Code enforcement	80,000	75,000	67,608	7,392
Debt service	26,500	26,500	23,808	2,692
Capital outlay	70,000	235,780	136,125	99,655
TOTAL EXPENDITURES	1,694,500	1,801,780	1,695,575	106,205
REVENUES OVER (UNDER) EXPENDITURES	(143,500)	432,720	546,098	113,378
OTHER FINANCING SOURCES (USES)				
Interfund transfers	0	(415,000)	(414,195)	805
NET OTHER FINANCING SOURCES (USES)	0	(415,000)	(414,195)	805
NET CHANGE IN FUND BALANCES	(143,500)	17,720	131,903	114,183
BEGINNING FUND BALANCE	890,223	890,223	890,223	0
ENDING FUND BALANCE	\$746,723	\$907,943	\$1,022,126	\$114,183

Notes to the budgetary comparison schedule:

1. The schedule is prepared using the modified cash basis of accounting.

**THE CITY OF MCLOUD
BUDGETARY COMPARISON SCHEDULE
STREET & ALLEY FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Budget	Budget Basis Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales taxes	160,000	215,000	217,934	2,934
Shared taxes	40,000	40,000	45,500	5,500
Grants	0	90,000	115,159	25,159
TOTAL REVENUES	200,000	345,000	378,593	33,593
EXPENDITURES				
Streets	260,000	295,000	278,228	16,772
Debt service	12,060	12,060	11,055	1,005
Capital outlay	100,000	141,401	85,410	55,991
TOTAL EXPENDITURES	372,060	448,461	374,693	73,768
REVENUES OVER (UNDER) EXPENDITURES	(172,060)	(103,461)	3,900	107,361
OTHER FINANCING SOURCES (USES)				
Interfund transfers	100,000	100,000	0	(100,000)
NET OTHER FINANCING SOURCES (USES)	100,000	100,000	0	(100,000)
NET CHANGE IN FUND BALANCES	(72,060)	(3,461)	3,900	7,361
BEGINNING FUND BALANCE	10,591	10,591	10,591	0
ENDING FUND BALANCE	(\$61,469)	\$7,130	\$14,491	\$7,361

Notes to the budgetary comparison schedule:

1. The schedule is prepared using the modified cash basis of accounting.

**THE CITY OF MCLOUD
BUDGETARY COMPARISON SCHEDULE
CEMETERY CARE FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Budget	Budget Basis Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	1,500	1,500	1,500	0
TOTAL REVENUES	1,500	1,500	1,500	0
EXPENDITURES				
Cemetery	500	500	0	500
Capital outlay	500	500	0	500
TOTAL EXPENDITURES	1,000	1,000	0	1,000
REVENUES OVER (UNDER) EXPENDITURES	500	500	1,500	1,000
BEGINNING FUND BALANCE	17,787	17,787	17,787	0
ENDING FUND BALANCE	\$18,287	\$18,287	\$19,287	\$1,000

Notes to the budgetary comparison schedule:

1. The schedule is prepared using the modified cash basis of accounting.

**THE CITY OF MCLOUD
BUDGETARY COMPARISON SCHEDULE
LAKE FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Budget	Budget Basis Actual	Variance Favorable (Unfavorable)
REVENUES				
Licenses and permits	30,000	30,000	51,815	21,815
Sales and services	30,000	60,000	81,174	21,174
Other revenues	2,000	53,000	11,759	(41,241)
TOTAL REVENUES	62,000	143,000	144,748	1,748
EXPENDITURES				
Lake	135,000	137,000	136,095	905
Capital outlay	0	0	0	0
TOTAL EXPENDITURES	135,000	137,000	136,095	905
REVENUES OVER (UNDER) EXPENDITURES	(73,000)	6,000	8,653	2,653
OTHER FINANCING SOURCES (USES)				
Interfund transfers - bed tax	0	0	(8,442)	(8,442)
NET CHANGE IN FUND BALANCES	(73,000)	6,000	211	(5,789)
BEGINNING FUND BALANCE	6,156	6,156	6,156	0
ENDING FUND BALANCE	(\$66,844)	\$12,156	\$6,367	(\$5,789)

Notes to the budgetary comparison schedule:

1. The schedule is prepared using the modified cash basis of accounting.

**THE CITY OF MCLLOUD
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	RECEIPTS
U.S. Department of Homeland Security <i>Oklahoma Department of Civil Emergency Management</i> Radio Upgrade Project/IJ #5	97.073	#1155.022	73,780
U.S. Department of the Treasury <i>Office of Management and Enterprise Services</i> American Rescue Plan Act	21.027		414,195
TOTAL FEDERAL AWARDS			\$487,975

**THE CITY OF MCLLOUD
SCHEDULE OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

STATE GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	GRANTOR'S NUMBER	RECEIPTS
Oklahoma Department of Agriculture, Food & Forestry <i>Oklahoma Association of Regional Councils</i> Rural Fire Protection		4,763
Oklahoma Department of Commerce <i>Central Oklahoma Economic Development District</i> Rural Economic Action Plan		44,009
Oklahoma Department of Environmental Quality N/A Portable Brush Chipper		41,401
Oklahoma Department of Emergency Management N/A Disaster Grants - Public Assistance (Presidentially Declared Disasters) Disaster Grants - Public Assistance (Presidentially Declared Disasters) Disaster Grants - Public Assistance (Presidentially Declared Disasters) Disaster Grants - Public Assistance (Presidentially Declared Disasters) Disaster Grants - Public Assistance (Presidentially Declared Disasters) Disaster Grants - Public Assistance (Presidentially Declared Disasters) Total	PA FEMA DR 4222 PW 567 PA FEMA DR 4222 PW 793 PA FEMA DR 4222 PW 749 PA FEMA DR 4222 PW 750 PA FEMA DR 4222 PW 643 PA FEMA DR 4222 PW 567	446 2,336 7,447 14,947 2,697 1,875 29,748
TOTAL STATE AWARDS		\$119,921

Russell & Williams CPAs, PC

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

2812 NW 57th Street, Suite 102
Oklahoma City, Oklahoma 73112

Phone: (405) 607-8743
Fax: (405) 607-8744
Email: caseycpa@hotmail.com

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

To the City Council
City of McLoud

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 the City of McLoud, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of McLoud, Oklahoma's basic financial statements, and have issued our report thereon dated August 16, 2023.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Russell & Williams CPA PC". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma
August 16, 2023