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# **THE CITY OF MCLOUD**

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

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## **FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED JUNE 30, 2023**

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## TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT .....	1
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS</b>	
STATEMENT OF NET POSITION - MODIFIED CASH BASIS .....	3
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS .....	4
<b>FUND FINANCIAL STATEMENTS</b>	
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
<b>NOTES TO THE BASIC FINANCIAL STATEMENTS .....</b>	<b>10</b>
<b>SUPPLEMENTARY INFORMATION</b>	
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

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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, 2023, 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, 2023, and the respective changes in modified cash basis financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1A.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of 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 March 8, 2024, 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  
March 8, 2024

**THE CITY OF MCLOUD**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**JUNE 30, 2023**

	Governmental Activities	Business-type Activities	Total 2023
<b>ASSETS</b>			
Current assets:			
Cash and demand deposits	1,415,687	9,614	1,425,301
Restricted cash and investments	175,738	6,227,637	6,403,375
Due from other governments	55,987	0	55,987
Restitution payments receivable	1,161	0	1,161
Internal balances	(4,461)	4,461	0
Total current assets	1,644,112	6,241,712	7,885,824
Noncurrent assets:			
Capital assets:			
Depreciable capital assets	4,559,993	8,817,589	13,377,582
Accumulated depreciation	(2,824,996)	(4,480,556)	(7,305,552)
Construction in progress	15,110	827,448	842,558
Land	5,000	103,465	108,465
Net capital assets	1,755,107	5,267,946	7,023,053
Total assets	3,399,219	11,509,658	14,908,877
<b>LIABILITIES</b>			
Current liabilities:			
Current portion of debt	4,120	331,683	335,803
Total current liabilities	4,120	331,683	335,803
Noncurrent liabilities:			
Refundable deposits	0	64,005	64,005
Debt, less current portion	0	7,394,669	7,394,669
Total noncurrent liabilities	0	7,458,674	7,458,674
Total liabilities	4,120	7,790,357	7,794,477
<b>NET POSITION</b>			
Net investment in capital assets	1,750,987	(2,458,406)	(707,419)
Restricted for:			
Fire department	113,853	0	113,853
Insurance reserves	61,885	0	61,885
Streets	44,521	0	44,521
Cemetery	20,787	0	20,787
Unrestricted	1,403,066	6,177,707	7,580,773
<b>TOTAL NET POSITION</b>	<b>\$3,395,099</b>	<b>\$3,719,301</b>	<b>\$7,114,400</b>

**THE CITY OF MCLOUD**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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 2023
<b>Governmental activities:</b>							
General government	(282,861)	0	0	718,905	436,044	0	436,044
Court	(124,119)	0	0	0	(124,119)	0	(124,119)
Library	(26,521)	0	0	0	(26,521)	0	(26,521)
Parks and recreation	(111,266)	2,275	0	0	(108,991)	0	(108,991)
Police *	(849,904)	159,294	1,812	0	(688,798)	0	(688,798)
Fire:	(360,219)	10,454	69,277	0	(280,488)	0	(280,488)
Emergency management	(2,258)	0	0	0	(2,258)	0	(2,258)
General cemetery	(17,387)	5,900	0	0	(11,487)	0	(11,487)
Code enforcement	(72,439)	39,388	0	0	(33,051)	0	(33,051)
Cemetery care	0	1,500	0	0	1,500	0	1,500
Streets **	(284,576)	0	34,904	0	(249,672)	0	(249,672)
Lake:	(156,617)	119,497	44,228	0	7,108	0	7,108
Total governmental activities	(2,288,167)	338,308	150,221	718,905	(1,080,733)	0	(1,080,733)
<b>Business-type activities:</b>							
Sewer ***	(736,962)	402,272	0	0	0	(334,690)	(334,690)
Trash	(305,889)	478,530	0	0	0	172,641	172,641
Water ****	(283,794)	592,703	0	0	0	308,909	308,909
Economic development	0	3,596	0	0	0	3,596	3,596
Total business-type activities	(1,326,645)	1,477,101	0	0	0	150,456	150,456
<b>Total all activities</b>	<b>(3,614,812)</b>	<b>1,815,409</b>	<b>150,221</b>	<b>718,905</b>	<b>(1,080,733)</b>	<b>150,456</b>	<b>(930,277)</b>
<b>General revenues:</b>							
<b>Taxes:</b>							
Sales and use taxes levied for general purposes					832,075	0	832,075
Sales taxes levied for street maintenance					233,101	0	233,101
Sales taxes levied for infrastructure					233,101	0	233,101
Franchise and public service taxes					121,698	0	121,698
Intergovernmental					30,646	0	30,646
Payments in lieu of taxes					291,161	0	291,161
Other revenues					61,837	95,953	157,790
Investment income					73,487	177,727	251,214
Transfers					(210,525)	210,525	0
Total general revenues and transfers					1,666,581	484,205	2,150,786
Change in net position					585,848	634,661	1,220,509
Beginning net position					2,838,202	3,084,640	5,922,842
Prior period adjustments					(28,951)	0	(28,951)
Ending net position					\$3,395,099	\$3,719,301	\$7,114,400

- \* Includes \$387 interest  
\*\* Includes \$161 interest  
\*\*\* Includes \$218,538 interest  
\*\*\*\* Includes \$3,960 interest

**THE CITY OF MCLOUD**  
**BALANCE SHEET - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

	General Fund	Street Fund	Lake Fund	Cemetery Care Fund	Total 2023
<b>ASSETS</b>					
Cash and demand deposits	1,362,940	43,349	(11,389)	20,787	1,415,687
Restricted cash	175,738	0	0	0	175,738
Due from other governments	0	0	55,987	0	55,987
Due from other funds	0	1,172	0	0	1,172
Restitution payments receivable	1,161	0	0	0	1,161
<b>Total assets</b>	<b>1,539,839</b>	<b>44,521</b>	<b>44,598</b>	<b>20,787</b>	<b>1,649,745</b>
<b>LIABILITIES</b>					
Due to other funds	5,633	0	0	0	5,633
<b>Total liabilities</b>	<b>5,633</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,633</b>
<b>FUND BALANCE</b>					
Restricted for:					
Fire department	113,853	0	0	0	113,853
Insurance reserves	61,885	0	0	0	61,885
Unrestricted					
Unassigned	1,358,468	44,521	44,598	20,787	1,468,374
<b>Total fund balance</b>	<b>1,534,206</b>	<b>44,521</b>	<b>44,598</b>	<b>20,787</b>	<b>1,644,112</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$1,539,839</b>	<b>\$44,521</b>	<b>\$44,598</b>	<b>\$20,787</b>	<b>\$1,649,745</b>
<b>Reconciliation of general fund balance to net position of governmental activities:</b>					
Fund balance	1,534,206	44,521	44,598	20,787	1,644,112
Capital assets	2,932,014	1,609,599	38,490	0	4,580,103
Accumulated depreciation	(2,039,960)	(773,633)	(11,403)	0	(2,824,996)
Note payable	(4,120)	0	0	0	(4,120)
<b>Net position</b>	<b>\$2,422,140</b>	<b>\$880,487</b>	<b>\$71,685</b>	<b>\$20,787</b>	<b>\$3,395,099</b>

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

	General Fund	Street Fund	Lake Fund	Cemetery Care Fund	Total 2023
<b>REVENUES</b>					
Sales and use taxes	832,075	233,101	0	0	1,065,176
Restricted sales tax	233,101	0	0	0	233,101
Franchise taxes	121,698	0	0	0	121,698
Shared taxes	89,771	34,904	0	0	124,675
Payments in lieu of taxes	291,161	0	0	0	291,161
Fines and fees	134,903	0	0	0	134,903
Licenses and permits	39,068	0	46,723	0	85,791
Sales and services	43,340	0	72,774	1,500	117,614
Donations	1,912	0	0	0	1,912
Grants	728,958	0	0	0	728,958
Other revenues	135,328	0	44,228	0	179,556
<b>TOTAL REVENUES</b>	<b>2,651,315</b>	<b>268,005</b>	<b>163,725</b>	<b>1,500</b>	<b>3,084,545</b>
<b>EXPENDITURES</b>					
General government	274,189	0	0	0	274,189
Court	123,405	0	0	0	123,405
Library	13,734	0	0	0	13,734
Parks and recreation	88,500	0	0	0	88,500
Police	793,985	0	0	0	793,985
Fire	334,760	0	0	0	334,760
Emergency management	958	0	0	0	958
General cemetery	17,388	0	0	0	17,388
Code enforcement	72,439	0	0	0	72,439
Lake	0	0	152,828	0	152,828
Streets	0	219,920	0	0	219,920
Debt service	8,430	11,055	0	0	19,485
Capital outlay	121,445	7,148	23,044	0	151,637
<b>TOTAL EXPENDITURES</b>	<b>1,849,233</b>	<b>238,123</b>	<b>175,872</b>	<b>0</b>	<b>2,263,228</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>802,082</b>	<b>29,882</b>	<b>(12,147)</b>	<b>1,500</b>	<b>821,317</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Interfund transfers	(291,764)	148	81,091	0	(210,525)
<b>NET OTHER FINANCING SOURCES (USES)</b>	<b>(291,764)</b>	<b>148</b>	<b>81,091</b>	<b>0</b>	<b>(210,525)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>510,318</b>	<b>30,030</b>	<b>68,944</b>	<b>1,500</b>	<b>610,792</b>
<b>BEGINNING FUND BALANCE</b>	<b>1,022,126</b>	<b>14,491</b>	<b>6,367</b>	<b>19,287</b>	<b>1,062,271</b>
Prior period adjustments	1,762	0	(30,713)	0	(28,951)
<b>ENDING FUND BALANCE</b>	<b>\$1,534,206</b>	<b>\$44,521</b>	<b>\$44,598</b>	<b>\$20,787</b>	<b>\$1,644,112</b>
<b>Reconciliation of the change in the general fund balance to the change in net position of governmental activities:</b>					
Net change in fund balances - total governmental funds	510,318	30,030	68,944	1,500	610,792
Capital asset purchases capitalized	121,445	7,148	23,044	0	151,637
Depreciation expense	(127,233)	(64,494)	(3,791)	0	(195,518)
Principal payments	8,043	10,894	0	0	18,937
<b>Change in net position of governmental activities</b>	<b>\$512,573</b>	<b>(\$16,422)</b>	<b>\$88,197</b>	<b>\$1,500</b>	<b>\$585,848</b>



**THE CITY OF MCLLOUD**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2023**

	McCloud Public Works Authority	McCloud Economic Development Authority	Total Proprietary Funds
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	(209,256)	218,870	9,614
Restricted cash and investments	6,227,637	0	6,227,637
Due from other funds	4,461	0	4,461
Total current assets	6,022,842	218,870	6,241,712
Noncurrent assets:			
Capital assets:			
Depreciable property and equipment	8,817,589	0	8,817,589
Accumulated depreciation	(4,480,556)	0	(4,480,556)
Land	103,465	0	103,465
Construction in progress	827,448	0	827,448
Net capital assets	5,267,946	0	5,267,946
Total assets	11,290,788	218,870	11,509,658
<b>LIABILITIES</b>			
Current liabilities:			
Current portion of debt	331,683	0	331,683
Total current liabilities	331,683	0	331,683
Noncurrent liabilities:			
Refundable deposits	64,005	0	64,005
Debt, less current portion	7,394,669	0	7,394,669
Total noncurrent liabilities	7,458,674	0	7,458,674
Total liabilities	7,790,357	0	7,790,357
<b>NET POSITION</b>			
Net investment in capital assets	(2,458,406)	0	(2,458,406)
Unrestricted	5,958,837	218,870	6,177,707
Total net position	\$3,500,431	\$218,870	\$3,719,301

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

	McCloud Public Works Authority	McCloud Economic Development Authority	Total Proprietary Funds
<b>OPERATING REVENUES</b>			
Sewer	402,272	0	402,272
Trash	478,530	0	478,530
Water	592,703	0	592,703
Late payment fees	22,774	0	22,774
Other income	73,179	3,596	76,775
Total operating revenues	1,569,458	3,596	1,573,054
<b>OPERATING EXPENSES</b>			
Administration	173,308	0	173,308
Sewer	460,654	0	460,654
Trash	248,120	0	248,120
Water	222,065	0	222,065
Total operating expenses	1,104,147	0	1,104,147
<b>OPERATING INCOME (LOSS)</b>	465,311	3,596	468,907
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest income	177,727	0	177,727
Interest expense	(222,498)	0	(222,498)
Total non-operating revenues (expenses)	(44,771)	0	(44,771)
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	420,540	3,596	424,136
Net interfund transfers	210,525	0	210,525
<b>CHANGE IN NET POSITION</b>	631,065	3,596	634,661
<b>BEGINNING NET POSITION</b>	2,869,366	215,274	3,084,640
<b>ENDING NET POSITION</b>	\$3,500,431	\$218,870	\$3,719,301

**THE CITY OF MCLOUD**  
**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	McCloud Public Works Authority	McCloud Economic Development Authority	Total Proprietary Funds
Cash flows from operations:			
Cash received from:			
Customers	1,569,458	3,596	1,573,054
Cash payments for:			
Goods and services	(523,467)	0	(523,467)
Employees	(290,718)	0	(290,718)
Net cash provided from operations	755,273	3,596	758,869
Cash flows from capital financing activities:			
Transfers to trust accounts	(212,037)	0	(212,037)
Capital expenditures	(811,495)	0	(811,495)
Principal payments	(438,766)	0	(438,766)
Interest payments	(52,819)	0	(52,819)
Net cash from capital financing activities	(1,515,117)	0	(1,515,117)
Net increase (decrease) in cash	(759,844)	3,596	(756,248)
Beginning cash	550,588	215,274	765,862
Ending cash	(\$209,256)	\$218,870	\$9,614

Reconciliation of income from operations to net cash from operations:			
Operating income (loss)	465,311	3,596	468,907
Adjustments to income from operations:			
Depreciation and amortization	285,501	0	285,501
Change in assets and liabilities:			
(Increase) decrease in interfund receivables	4,461	0	4,461
Net cash provided by operations	\$755,273	\$3,596	\$758,869

**Supplemental information:**

<i>Trust accounts activity</i>	
Beginning balance	5,855,253
Project expenditures	(493,688)
Interest and dividends	177,727
Interest expenditures	(212,565)
From McCloud PWA	212,037
Ending balance	<u>\$5,538,764</u>

**The City of McCloud**  
**Notes to the Basic Financial Statements**  
**As of and for the Year Ended June 30, 2023**

**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, 2023**

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, the lake fund (by request) 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, 2023**

**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 non-debt long-term liabilities. Capital

**The City of McCloud**  
**Notes to the Basic Financial Statements**  
**As of and for the Year Ended June 30, 2023**

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 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:

**The City of McCloud**  
**Notes to the Basic Financial Statements**  
**As of and for the Year Ended June 30, 2023**

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.

**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



**The City of McCloud**  
**Notes to the Basic Financial Statements**  
**As of and for the Year Ended June 30, 2023**

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 \$326,060. Deposits of \$72,958 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 \$1,762,822 are not insured or collateralized but are invested in the same types of investments discussed above. Trust accounts for debt service of \$54,561 and project funds of \$5,484,202 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 - \$113,853; intergovernmental revenues - \$59,124; expenditures: \$65,647.

Refundable insurance reserves held by the insurance company of \$61,885 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, 2023**

**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, 2023, was as follows:

<b>Governmental Activities</b>	<b>Beginning</b>			<b>Ending</b>	<b>Due in</b>
<i>Direct Borrowings</i>	<b>Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance</b>	<b>One Year</b>
Backhoe lease	9,915	0	(9,915)	0	0
Police car lease	12,164	0	(8,044)	4,120	4,120
<b>Total</b>	<b>\$22,079</b>	<b>\$0</b>	<b>(\$17,959)</b>	<b>\$4,120</b>	<b>\$4,120</b>
<b>Business-type Activities</b>					
<i>Direct Borrowings</i>					
City hall building	127,488	0	(127,488)	0	0
OWRB sewer system note	1,908,852	0	(298,653)	1,610,199	306,190
Skid steer lease	38,073	0	(12,580)	25,493	13,068
<b>Total direct borrowings</b>	<b>2,074,413</b>	<b>0</b>	<b>(438,721)</b>	<b>1,635,692</b>	<b>319,258</b>
OWRB sewer system bonds	5,295,000	0	0	5,295,000	0
<b>Total</b>	<b>\$7,369,413</b>	<b>\$0</b>	<b>(\$438,721)</b>	<b>\$6,930,692</b>	<b>\$319,258</b>

Outstanding debt at year end was as follows:

	<b>Interest</b>	<b>Maturity</b>	<b>Amount</b>		
	<b>Rate</b>	<b>Date</b>	<b>Issued</b>	<b>Outstanding</b>	<b>Security</b>
<b>Governmental Activities</b>					
<i>Direct Borrowings</i>					
Police vehicle	4.550%	12/21/23	37,605	4,120	police vehicle
<b>Business-type Activities</b>					
<i>Direct Borrowings</i>					
Sewer system	2.508%	3/16/28	5,315,000	1,610,199	utility revenues - 1cent sales tax
Skid steer	3.500%	5/8/20	63,020	25,493	skid steer
<b>Bonds</b>			<b>5,378,020</b>	<b>1,635,692</b>	
Sewer system	Variable	4/14/21	5,295,000	5,295,000	utility revenues - 1cent sales tax
<b>Total</b>			<b>10,673,020</b>	<b>6,930,692</b>	

**The City of McCloud**  
**Notes to the Basic Financial Statements**  
**As of and for the Year Ended June 30, 2023**

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
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	0.00	0.00	0.00	338,289	6,376	344,666	5,000	211,215	216,215
2029-2033	0.00	0.00	0.00	0	0	0	675,000	1,000,350	1,675,350
2034-2038	0.00	0.00	0.00	0	0	0	995,000	822,106	1,817,106
2039-2043	0.00	0.00	0.00	0	0	0	1,185,000	621,539	1,806,539
2044-2048	0.00	0.00	0.00	0	0	0	1,425,000	363,825	1,788,825
2049-2051	0.00	0.00	0.00	0	0	0	1,000,000	64,050	1,064,050
	\$4,120	\$54	\$4,174	\$1,635,647	\$114,018	\$1,749,664	\$5,295,000	\$3,929,824	\$9,224,824

## 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
<b>Governmental Activities</b>									
Non-depreciable									
Construction in progress	7,963	7,148	0	15,110	0	0	0	0	15,110
Land	5,000	0	0	5,000	0	0	0	0	5,000
Total non-depreciable	12,963	7,148	0	20,110	0	0	0	0	20,110
Depreciable									
Land improvements	0	0	0	0	0	0	0	0	0
Buildings & bldg equipment	1,610,617	6,000	(17,000)	1,599,617	1,134,746	37,184	(17,000)	1,154,930	444,687
Equipment	1,636,215	138,489	(41,434)	1,733,270	1,184,802	112,206	(41,434)	1,255,575	477,695
Roads, bridges, sidewalks	1,227,106	0	0	1,227,106	368,364	46,128	0	414,492	812,615
Total depreciable	4,473,938	144,489	(58,434)	4,559,993	2,687,912	195,518	(58,434)	2,824,996	1,734,996
Total governmental	\$4,486,901	\$151,636	(\$58,434)	\$4,580,103	\$2,687,912	\$195,518	(\$58,434)	\$2,824,996	\$1,755,106
<b>Business-type Activities</b>									
Non-depreciable									
Construction in progress	300,618	574,181	(47,350)	827,448	0	0	0	0	827,448
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	404,083	574,181	(47,350)	930,914	0	0	0	0	930,914
Depreciable									
Buildings & bldg equipment	223,473	238,017	0	461,490	30,407	10,141	0	40,548	420,942
Equipment	385,385	160,598	(4,000)	541,983	257,025	40,669	(4,000)	293,694	248,289
Utility systems	7,449,673	364,443	0	7,814,116	3,911,624	234,691	0	4,146,314	3,667,801
Total depreciable	8,058,531	763,058	(4,000)	8,817,589	4,199,056	285,501	(4,000)	4,480,557	4,337,032
Total business-type	\$8,462,613	\$1,337,239	(\$51,350)	\$9,748,503	\$4,199,056	\$285,501	(\$4,000)	\$4,480,557	\$5,267,946

**The City of McLoud**  
**Notes to the Basic Financial Statements**  
**As of and for the Year Ended June 30, 2023**

Depreciation expense for the year just ended is as follows:

<b>Governmental Activities</b>		<b>Business-type Activities</b>	
General government	8,673	Sewer	235,325
Court	715	Water	50,176
Library	12,788		<u>\$285,501</u>
Parks & recreation	22,767		
Police department	55,532		
Fire department	25,460		
Emergency management	1,300		
Lake department	3,791		
Street department	64,494		
	<u>\$195,518</u>		

**7. Defined Contribution Pension Plan**

**Oklahoma Municipal Retirement System – City Manager Plan**

The city manager participates in the City of McLoud 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 \$40,703. Actual city and city manager contributions for the year were \$4,799 and \$4,799 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 \$1,285,142. The payroll for City employees covered by the Fund for the year was \$922,912. Actual City and employee contributions for the year were \$64,604 and \$41,529 respectively, equal to the required contributions for the year.

**The City of McLoud**  
**Notes to the Basic Financial Statements**  
**As of and for the Year Ended June 30, 2023**

**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, 2023, 2022, and 2021 were \$1,080, \$1,560, and \$1,320 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 \$18,904 and \$12,152 respectively, equal to the required contributions for the year. Eligible payroll was \$135,029.

**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.

**10. Inter-fund Transactions**

	General Fund	Street & Alley Fund	MPWA	Net Internal Balances
Interfund Loans				
Operations	(5,633)	1,172	4,461	0

**The City of McCloud**  
**Notes to the Basic Financial Statements**  
**As of and for the Year Ended June 30, 2023**

Inter-fund Transfers	General Fund	Street & Alley Fund	Lake Fund	MPWA	Net Transfers
General operations	(81,091)	0	81,091	0	0
Economic development	0	0	0	0	0
Capital projects	(210,673)	148	0	210,525	0
Debt service sales tax	(233,101)	0	0	233,101	0
Debt service sales tax	233,101	0	0	(233,101)	0
Net interfund transfers	(291,764)	148	81,091	210,525	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 February 2, 2024, 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, 2023**

	Original Budget	Final Budget	Budget Basis Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Sales and use taxes	775,000	775,000	832,075	57,075
Restricted sales tax	215,000	215,000	233,101	18,101
Franchise taxes	120,000	120,000	121,698	1,698
Shared taxes	70,000	70,000	89,771	19,771
Payments in lieu of taxes	215,000	215,000	291,161	76,161
Fines and fees	110,000	110,000	134,903	24,903
Licenses and permits	55,000	55,000	39,068	(15,932)
Sales and services	90,000	90,000	43,340	(46,660)
Donations	0	0	1,912	1,912
Grants	4,000	730,198	728,958	(1,240)
Other revenues	70,000	70,000	135,328	65,328
<b>TOTAL REVENUES</b>	<b>1,724,000</b>	<b>2,450,198</b>	<b>2,651,315</b>	<b>201,117</b>
<b>EXPENDITURES</b>				
General government	265,000	275,000	274,189	811
Court	105,000	148,000	123,405	24,595
Library	11,000	14,500	13,734	766
Parks and recreation	90,000	100,000	88,500	11,500
Police	755,000	755,000	793,985	(38,985)
Fire	275,000	285,053	334,760	(49,707)
Emergency management	5,000	5,000	958	4,042
General cemetery	18,000	18,000	17,388	612
Code enforcement	75,000	75,000	72,439	2,561
Debt service	26,500	26,500	8,430	18,070
Capital outlay	35,000	299,156	121,445	177,711
<b>TOTAL EXPENDITURES</b>	<b>1,660,500</b>	<b>2,001,209</b>	<b>1,849,233</b>	<b>151,976</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>63,500</b>	<b>448,989</b>	<b>802,082</b>	<b>353,093</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers	0	0	(291,764)	(291,764)
<b>NET OTHER FINANCING SOURCES (USES)</b>	<b>0</b>	<b>0</b>	<b>(291,764)</b>	<b>(291,764)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>63,500</b>	<b>448,989</b>	<b>510,318</b>	<b>61,329</b>
<b>BEGINNING FUND BALANCE</b>	<b>1,022,126</b>	<b>1,022,126</b>	<b>1,022,126</b>	<b>0</b>
Prior period adjustment	1,762	1,762	1,762	0
<b>ENDING FUND BALANCE</b>	<b>\$1,087,388</b>	<b>\$1,472,877</b>	<b>\$1,534,206</b>	<b>\$61,329</b>

**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, 2023**

	Original Budget	Final Budget	Budget Basis Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Sales taxes	170,000	170,000	233,101	63,101
Shared taxes	40,000	40,000	34,904	(5,096)
<b>TOTAL REVENUES</b>	<b>210,000</b>	<b>210,000</b>	<b>268,005</b>	<b>58,005</b>
<b>EXPENDITURES</b>				
Streets	265,000	265,000	219,920	45,080
Debt service	12,060	12,060	11,055	1,005
Capital outlay	100,000	100,000	7,148	92,852
<b>TOTAL EXPENDITURES</b>	<b>377,060</b>	<b>377,060</b>	<b>238,123</b>	<b>138,937</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(167,060)</b>	<b>(167,060)</b>	<b>29,882</b>	<b>196,942</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers	185,000	185,000	148	(184,852)
<b>NET OTHER FINANCING SOURCES (USES)</b>	<b>185,000</b>	<b>185,000</b>	<b>148</b>	<b>(184,852)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>17,940</b>	<b>17,940</b>	<b>30,030</b>	<b>12,090</b>
<b>BEGINNING FUND BALANCE</b>	<b>14,491</b>	<b>14,491</b>	<b>14,491</b>	<b>0</b>
<b>ENDING FUND BALANCE</b>	<b>\$32,431</b>	<b>\$32,431</b>	<b>\$44,521</b>	<b>\$12,090</b>

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, 2023**

	Original Budget	Final Budget	Budget Basis Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Sales and services	1,500	1,500	1,500	0
Donations	0	0	0	0
Other revenues	0	0	0	0
<b>TOTAL REVENUES</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>	<b>0</b>
<b>EXPENDITURES</b>				
Cemetery	0	0	0	0
Capital outlay	0	0	0	0
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>	<b>0</b>
<b>BEGINNING FUND BALANCE</b>	<b>19,287</b>	<b>19,287</b>	<b>19,287</b>	<b>0</b>
<b>ENDING FUND BALANCE</b>	<b>\$20,787</b>	<b>\$20,787</b>	<b>\$20,787</b>	<b>\$0</b>

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, 2023**

	Original Budget	Final Budget	Budget Basis Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Licenses and permits	36,500	36,500	46,723	10,223
Sales and services	75,000	75,000	72,774	(2,226)
Other revenues	23,500	23,500	44,228	20,728
<b>TOTAL REVENUES</b>	<b>135,000</b>	<b>135,000</b>	<b>163,725</b>	<b>28,725</b>
<b>EXPENDITURES</b>				
Lake	135,000	145,000	152,828	(7,828)
Capital outlay	0	42,920	0	42,920
<b>TOTAL EXPENDITURES</b>	<b>135,000</b>	<b>187,920</b>	<b>152,828</b>	<b>35,092</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>0</b>	<b>(52,920)</b>	<b>10,897</b>	<b>63,817</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers	0	0	81,091	81,091
<b>NET CHANGE IN FUND BALANCES</b>	<b>0</b>	<b>(52,920)</b>	<b>91,988</b>	<b>144,908</b>
<b>BEGINNING FUND BALANCE</b>	<b>6,367</b>	<b>6,367</b>	<b>6,367</b>	<b>0</b>
<b>ENDING FUND BALANCE</b>	<b>\$6,367</b>	<b>(\$46,553)</b>	<b>\$98,355</b>	<b>\$144,908</b>

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, 2023**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	RECEIPTS
U.S. Department of Housing and Urban Development <i>Oklahoma Department of Commerce</i> Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	18235 CDBG 21	299,999
U.S. Department of the Treasury <i>Office of Management and Enterprise Services</i> American Rescue Plan Act	21.027	ARPA-NEU-FA-011713	418,122
<b>TOTAL FEDERAL AWARDS</b>			<b><u>\$718,121</u></b>

**THE CITY OF MCLLOUD  
SCHEDULE OF STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

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	FY 23 Fire Grant	10,053
<b>TOTAL STATE AWARDS</b>		<b><u>\$10,053</u></b>

## Russell & Williams CPAs, PC

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### 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, 2023, 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 March 8, 2024.

#### **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 "Gerald & Williams CPAs PC". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma  
March 8, 2024