

**INDEPENDENT ACCOUNTANT'S
AUDIT REPORT**

**TOWN OF CYRIL
Cyril, Oklahoma**

JUNE 30, 2023

BY



Town of Cyril
Cyril, Oklahoma
Year Ended June 30, 2023

Table of Contents

	<u>Page</u>
<u>INDEPENDENT AUDITOR’S REPORT</u>	1 - 3
 <u>FINANCIAL STATEMENTS</u>	
Government-Wide Financial Statements:	
Statement of Net Position – Modified Cash Basis	4
Statement of Activities – Modified Cash Basis	5
Governmental Funds Financial Statements:	
Balance Sheet – Governmental Funds – Modified Cash Basis	6 - 7
Statement of Revenue, Expenditures, and Changes in Fund Balance Governmental Funds – Modified Cash Basis	8 - 9
Proprietary Funds Financial Statements:	
Statement of Net Position – Enterprise Fund – Modified Cash Basis	10
Statement of Revenue, Expense, and Changes in Net Position Enterprise Fund – Modified Cash Basis	11
Statement of Cash Flows – Enterprise Fund – Modified Cash Basis	12
Notes to the Financial Statements	13 - 28
 <u>SUPPLEMENTAL INFORMATION</u>	
Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	29 - 30
Schedule of Findings	31 - 32

Budget and Actual – General Fund – Modified Cash Basis	33 - 34
Notes to Required Supplemental Information	35
Balance Sheet –Nonmajor Governmental Funds – Modified Cash Basis	36
Schedule of Revenue, Expenditures, and Changes in Fund Balance	
Nonmajor Governmental Funds– Modified Cash Basis	39



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Town of Cyril
Cyril, Oklahoma

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cyril, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Cyril's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above do present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Cyril, 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 1.

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the Town of Cyril's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 opinion. 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Cyril'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, which raise substantial doubt about the Town of Cyril'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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Cyril’s basic financial statements. The accompanying budgetary comparison information and the combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information and the combining nonmajor fund financial statements 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 January 30, 2024 on our consideration of the Town of Cyril’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Cyril’s internal control over financial reporting and compliance.

FURRH & ASSOCIATES, PC
Lawton, Oklahoma
January 30, 2024

Town of Cyril, OK
Statement of Net Position
(Modified Cash Basis)
June 30, 2023

	Primary Government		
	Governmental Activities	Business Type Activities	Total
<u>Assets</u>			
Cash and Cash Equivalents	\$ 381,318	\$ 581,389	\$ 962,707
Investments	100,000	0	100,000
Accounts Receivable	0	116,439	116,439
Prepaid Expenses	500	3,945	4,445
Capital Assets	642,488	2,714,364	3,356,852
Accumulated Depreciation	(430,132)	(1,967,945)	(2,398,077)
Lease Assets	0	16,773	16,773
Accumulated Amortization	0	(10,819)	(10,819)
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 694,174	\$ 1,454,146	\$ 2,148,320
	<hr/>	<hr/>	<hr/>
<u>Liabilities</u>			
Accounts Payable	\$ 0	\$ 38	\$ 38
Accrued Payroll & Comp. Absences	5,684	8,812	14,496
Lease Liability	0	5,953	5,953
Meter Deposits	0	44,861	44,861
	<hr/>	<hr/>	<hr/>
Total Liabilities	5,684	59,664	65,348
<u>Net Position</u>			
Invested in Capital	212,356	752,373	964,729
Restricted	0	2,931	2,931
Unrestricted	476,134	639,178	1,115,312
	<hr/>	<hr/>	<hr/>
Total Net Position	688,490	1,394,482	2,082,972
	<hr/>	<hr/>	<hr/>
Total Liabilities & Net Position	\$ 694,174	\$ 1,454,146	\$ 2,148,320
	<hr/>	<hr/>	<hr/>

Please see accompanying notes to the financial statements.

Town of Cyril, OK
Statement of Activities
(Modified Cash Basis)
Year Ended June 30, 2023

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Enterprise Activities	Total
<u>Primary Government</u>							
Governmental Activities							
General Government	\$ 253,629	\$ 28,082	\$ 0	\$ 89,125	\$ (136,422)	\$ 0	\$ (136,422)
Public Safety - Fire	57,310	12,748	27,787	0	(16,775)	0	(16,775)
Street and Alley	48,552	0	0	0	(48,552)	0	(48,552)
Public Safety - Police	119,792	35,774	0	0	(84,018)	0	(84,018)
Parks and Recreation	9,156	0	0	0	(9,156)	0	(9,156)
Total Governmental Activities	488,439	76,604	27,787	89,125	(294,923)	0	(294,923)
Enterprise Activities							
Public Works Authority	760,795	733,343	0	45,000	0	17,548	17,548
Total Enterprise Activities	760,795	733,343	0	45,000			
Total Primary Government	<u>\$ 1,249,234</u>	<u>\$ 809,947</u>	<u>\$ 27,787</u>	<u>\$ 134,125</u>	(294,923)	17,548	(277,375)
			<u>General Revenue</u>				
			Taxes				
			Sales Tax		214,918	0	214,918
			Use Tax		90,074	0	90,074
			Franchise Tax		28,248	0	28,248
			Alcoholic Beverage Tax		14,654	0	14,654
			Motor Vehicle Tax		15,772	0	15,772
			Cigarette Tax		1,724	0	1,724
			Miscellaneous Revenue		25,790	31,839	57,629
			Interest Revenue (Expense)		4,716	7,198	11,914
			Total General Revenue		<u>395,896</u>	<u>39,037</u>	<u>434,933</u>
			Net Transfers		(73,467)	73,467	0
			<u>Change in Net Position</u>		27,506	130,052	157,558
			<u>Net Position, June 30, 2022</u>		<u>660,984</u>	<u>1,264,430</u>	<u>1,925,414</u>
			<u>Net Position, June 30, 2023</u>		<u>\$ 688,490</u>	<u>\$ 1,394,482</u>	<u>\$ 2,082,972</u>

Please see accompanying notes to the financial statements.

Town of Cyril, OK
Governmental Funds
Balance Sheet
(Modified Cash Basis)
June 30, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>			
Cash and Cash Equivalents	\$ 239,593	\$ 141,725	\$ 381,318
Investments	100,000	0	100,000
	<u>339,593</u>	<u>141,725</u>	<u>481,318</u>
Total Assets	<u>\$ 339,593</u>	<u>\$ 141,725</u>	<u>\$ 481,318</u>
<u>Liabilities and Fund Balances</u>			
Due to Other Funds	\$ 0	\$ 0	\$ 0
	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances			
Non-spendable	0	0	0
Restricted	0	0	0
Committed	0	0	0
Assigned	0	0	0
Unassigned	339,593	141,725	481,318
	<u>339,593</u>	<u>141,725</u>	<u>481,318</u>
Total Liabilities and Fund Balances	<u>\$ 339,593</u>	<u>\$ 141,725</u>	<u>\$ 481,318</u>

Please see accompanying notes to the financial statements.

Town of Cyril, OK
Governmental Funds
Balance Sheet
(Modified Cash Basis)
June 30, 2023

Reconciliation to Statement of Net Position

Fund Balances	481,318
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital Assets used in governmental activities of \$ Net of Accumulated Depreciation of \$ are not financial resources and, therefore, are not reported in the funds.	212,356
Prepaid Expenses are not a financial asset	500
The following items are not considered financial liabilities: Accrued Payroll and Compensated Absences	<u>(5,684)</u>
Net Position of Governmental Activities	<u><u>\$ 688,490</u></u>

Please see accompanying notes to the financial statements.

Town of Cyril, OK
Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Year Ended June 30, 2023

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenue</u>			
Tax Revenue	\$ 325,738	\$ 39,652	\$ 365,390
Grants	0	89,125	89,125
Miscellaneous	25,790	0	25,790
Cemetery Income	16,363	2,388	18,751
Donations	0	27,787	27,787
Fire Department Revenue	12,748	0	12,748
Rent Income	9,331	0	9,331
Fines	35,774	0	35,774
	<hr/>	<hr/>	<hr/>
Total Revenue	425,744	158,952	584,696
<u>Expenditures</u>			
General Government:			
General Government	158,712	104,231	262,943
Public Safety:			
Police	117,444	0	117,444
Fire	90,515	4,588	95,103
Cemetery			
Cemetery	778	0	778
Street and Public Works:			
Streets	0	46,517	46,517
Parks and Recreation:			
Park Maintenance	0	5,884	5,884
	<hr/>	<hr/>	<hr/>
Total Expenditures	367,449	161,220	528,669
<u>Revenue Over (Under) Expenditures</u>	58,295	(2,268)	56,027
<u>Other Financing Sources (Uses)</u>			
Interest Income	3,006	1,710	4,716
Transfers In/(Out)	(2,500)	(70,967)	(73,467)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	506	(69,257)	(68,751)
<u>Net Changes in Fund Balance</u>	58,801	(71,525)	(12,724)
<u>Fund Balance, June 30, 2022</u>	280,792	213,250	494,042
	<hr/>	<hr/>	<hr/>
<u>Fund Balance, June 30, 2023</u>	<u>\$ 339,593</u>	<u>\$ 141,725</u>	<u>\$ 481,318</u>

Please see accompanying notes to financial statements.

Town of Cyril, OK
Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Year Ended June 30, 2023

Total Net Change in Fund Balance		\$ (12,724)
Capital outlay to purchase assets that are reported in governmental funds as expenditures	\$ 68,381	
Capital expenses allocated over useful lives as annual depreciation as shown in the statement of activities	<u>(22,967)</u>	
Net effect of Capital Related Expenditures		45,414
Prepaid Expenses		<u>500</u>
Net effect of Prepaid Expenses		
Accrued Payroll and Compensated		<u>(5,684)</u>
Net effect of Accrued Payroll and Compensated Absences		
Change in Net Position of Governmental Activities		<u><u>\$ 27,506</u></u>

Please see accompanying notes to financial statements.

Town of Cyril, OK
Cyril Municipal Authority
Enterprise Fund
Statement of Net Position
(Modified Cash Basis)
June 30, 2023

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 158,170	
Accounts Receivable	116,439	
Prepaid Expenses	3,945	
Total Current Assets		\$ 278,554

Noncurrent Assets

Capital Assets	2,714,364	
Accumulated Depreciation	(1,967,945)	
Lease Asset	16,773	
Accumulated Amortization	(10,819)	
Total Noncurrent Assets		752,373

Restricted Assets

Cash and Cash Equivalents	423,219	
Total Restricted Assets		423,219

Total Assets		<u>\$ 1,454,146</u>
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LIABILITIES

Current Liabilities

Due to Depositors	\$ 44,861	
Accrued Payroll and Compensated Absences	8,812	
Accounts Payable	38	
Total Current Liabilities		<u>\$ 53,711</u>

Noncurrent Liabilities

Lease Liability	5,953	
Total Noncurrent Liabilities		<u>5,953</u>

Total Liabilities		59,664
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NET POSITION

Invested in Capital Assets, Net of Related Debt	752,373	
Restricted due to Meter Fund	2,931	
Unrestricted	639,178	
Total Net Position		<u>1,394,482</u>
Total Net Position and Liabilities		<u>\$ 1,454,146</u>

Please see accompanying notes to the financial statements.

Town of Cyril, OK
Cyril Municipal Authority
Enterprise Fund
Statement of Revenue, Expense, and Changes in Net Position
(Modified Cash Basis)
Year Ended June 30, 2023

Operating Revenue

Water Revenue	\$ 340,934	
Garbage Revenue	199,545	
Sewer Revenue	172,139	
Miscellaneous Income	31,839	
Meter Deposits	11,830	
Late Charges and Misc. Penalties	8,895	
Total Operating Revenue	<u>8,895</u>	\$ 765,182

Operating Expense

Personnel Services	202,364	
Repairs & Maintenance	171,297	
Water Purchase	154,649	
Contractual Services	153,848	
Depreciation/Amortization	68,506	
Utilities	9,556	
Total Operating Expense	<u>9,556</u>	<u>760,220</u>

<u>Net Operating Income (Loss)</u>	<u>4,962</u>
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Nonoperating Revenue (Expense)

Interest Income	7,198	
Grant Income	45,000	
Interest Expense	<u>(575)</u>	

<u>Net Nonoperating Income (Loss)</u>	<u>51,623</u>
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<u>Net Revenue (Loss)</u>	<u>56,585</u>
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Transfer (to)/from other accounts	73,467
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<u>Total Net Position, June 30, 2022</u>	<u>1,264,430</u>
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<u>Total Net Position, June 30, 2023</u>	<u><u>\$ 1,394,482</u></u>
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Please see accompanying notes to the financial statements.

Town of Cyril, OK
Cyril Municipal Authority
Enterprise Fund
Statement of Cash Flows
(Modified Cash Basis)
Year Ended June 30, 2023

Cash Flows from Operating Activities

Receipts from Customers	\$ 616,904	
Miscellaneous Revenue	31,839	
Operating Expenses	<u>(672,256)</u>	
Net Cash Provided by Operating Activities		\$ (23,513)

Cash Flows from Investing Activities

Proceeds from Grants	45,000	
Interest Income	<u>7,198</u>	
Net Cash Provided by Investing Activities		52,198

Cash Flows from Financing Activities

Interest payments on debt	<u>(575)</u>	
Net Cash Provided by Financing Activities		<u>(575)</u>

Net Increase (Decrease) in Cash and Cash Equivalents 28,110

Cash and Cash Equivalents - June 30, 2022 553,279

Cash and Cash Equivalents - June 30, 2023 \$ 581,389

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income		\$ 4,962
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities		
Depreciation Expense	\$ 68,506	
Increase in Accounts Receivable	(116,439)	
Increase in Prepaid Expenses	(3,945)	
Increase in Accrued Payroll Expenses	8,812	
Increase in Accounts Payable	38	
Increase in Customer Deposits	<u>14,553</u>	
		<u>(28,475)</u>
Net Cash Provided by Operating Activities		<u><u>\$ (23,513)</u></u>

Please see accompanying notes to the financial statements.

Town of Cyril, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Cyril, Oklahoma (the “Town”) operates under a Council-Manager form of government and provides for the following services as authorized by ordinance: public safety and health; maintenance of highways and streets; culture and recreation; zoning and planning; sanitation services; water distribution; wastewater treatment; and general administration.

The accounting policies and presentation of the basic financial statements of the Town have been prepared in conformity with the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles, as applicable to governments. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies.

A. Financial Reporting Entity

In evaluating the Town as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Town may be financially accountable and, as such, should be included within the Town’s financial statements. The Town (the primary government) is financially accountable if it appoints a voting majority of the organization’s governing board and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. The Town’s financial reporting entity is comprised of the following:

Primary Government: Town of Cyril

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Town Council or the component unit provides services entirely to the Town. Currently, the Town does not have any blended component units.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria above but do not meet the criteria for blending. Currently, the Town does not have any discretely presented component units.

Town of Cyril, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

B. Basis of Presentation

The Town's basic financial statements consist of government-wide statements, including the statement of net position and statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements:

The government-wide focus is on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The statement of net position and statement of activities display information about the Town as a whole.

These statements include financial activities of the primary government; fiduciary activities, if any, have been excluded. The effect of interfund activity has been removed from these statements. The government-wide statement of activities reflects both expenses and net cost of each function of the Town's governmental activities. Program revenues include charges paid by a recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, such as sales taxes, are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each town function is self-financing or draws from the general revenues of the Town.

Fund Financial Statements:

The financial transactions of the Town are recorded in individual funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Fund financial statements are provided for governmental, proprietary, and fiduciary funds. The emphasis of fund financial statements is on major governmental and proprietary funds; therefore, each is displayed in a separate column. All remaining governmental and proprietary funds are aggregated and presented as nonmajor funds.

Funds are classified into the following categories: governmental, proprietary, and fiduciary.

Governmental funds are used to account for all or most of a Town's general activities, including the collection and disbursement of earmarked monies (special revenue funds).

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Operating revenues in the proprietary funds are those that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating. The Town's proprietary funds include the Municipal Authority.

Town of Cyril, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments. As such, fiduciary funds are not reported in the government-wide statements.

C. Measurement Focus

The government-wide statements report using the economic resources measurement focus. Proprietary and fiduciary fund financial statements also report using this same focus.

Governmental fund financial statements report using the current financial resources measurement focus. Since the governmental fund financial statements are presented on a different measurement focus than the government-wide statements (due mainly to inclusion of capital assets and long-term debt activity in the town-wide presentation), a reconciliation is presented, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

Basis of Accounting:

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported in the financial statements. The Town maintains its accounting records for all funds on the modified cash basis of accounting. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

Modified cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

Proceeds from long-term debt borrowings are included as other financing sources on the fund financial statements on the date received.

Operating revenue reported in proprietary fund financial statements includes revenue and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Fund Types and Major Funds:

The Town reports the following major governmental fund:

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Town of Cyril, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

The Town reports the following major enterprise funds:

The Municipal Authority is used to account for the revenues and expenses associated with providing utility services to the citizens of the Town.

D. Cash and Investments

The Town is statutorily limited to investing public funds in insured checking accounts, certificates of deposit, insured savings accounts, savings certificates and U.S. or Oklahoma government obligations. Certificates of deposit are reported at cost.

The Town is also required to secure collateral for invested funds in excess of amounts insured by the Federal Deposit Insurance Corporation or Federal Savings & Loan Insurance Corporation. Acceptable collateral is primarily limited to federal, state, and local government obligations.

E. Interfund Activities and Balances

Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which transactions are executed. The Town's policy is to eliminate interfund transfers and balances in the statement of activities and net position to avoid grossing up balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfer and internal balances then offset in the total column in the government-wide statements. Internal transfers and balances between funds are not eliminated in the fund financial statements.

F. Inventories

Inventories of goods and supplies on hand at year end are not material for the primary government. Therefore, purchases of inventory type items are recorded as expenditures or expenses at the time purchased, and no balances for such inventories on hand are reported.

G. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, right of ways, and bridges), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund type or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. In the government-wide and proprietary fund financial statements, property, plant and equipment are accounted for as capital assets, net of accumulated depreciation where applicable. In the governmental fund financial statements, capital assets acquired are accounted for as capital outlay expenditures and not reported as capital assets.

Town of Cyril, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Capital assets consist of building improvements, infrastructure (runway) and machinery and equipment. The Town does have a formal capital asset policy. Any asset that exceeds \$1,000 is capitalized. Capital assets are reported at actual or estimated historical cost.

The cost of normal maintenance and repair that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building Improvements	39
Land Improvements	20
Machinery and Equipment	20
Furniture and Fixtures	10

H. Compensated Absences

Under terms of Town personnel policies, Town employees are granted vacation, sick, and personal leave in varying amounts, based on the length of employment. Under the modified cash basis of accounting, the Town does not record any accrued compensated absences. Those benefits utilized in the current year are recorded through payroll.

In the event of termination, an employee is paid for accumulated vacation time. No accumulated sick leave or personal leave will be paid to an employee upon termination of employment. The Town was able to calculate the year end liability balance.

I. Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund, statement of net position.

J. Concentration of Credit Risk

All users of the Town's utility services are located within the same geographic area within Caddo County, Oklahoma.

Town of Cyril, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

K. Fund Equity

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.” It is the Town’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Financial Statements

Fund balance is the difference between assets and liabilities in a governmental fund. The Town reports a governmental fund’s fund balance into the following classifications:

- a. *Nonspendable* - includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual requirements.
- b. *Restricted* - includes amounts that can be spent only for specific purposes because of the Town Charter, Town Code, state or federal laws, or externally imposed conditions by grantors, creditors, or donors.
- c. *Committed* - includes amounts that can be used only for specific purposes determined by a formal action by Town Council ordinance or resolution. The Town Council is the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Town Council. The Town currently reports no committed fund balance.
- d. *Assigned* - includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.
- e. *Unassigned* - includes all spendable amounts not included in other classifications.

When both restricted and unrestricted resources are available for use, it is the Town’s policy to use restricted resources first, then unrestricted resources as they are needed. When an expenditure for which committed, assigned, or unassigned fund balances are available, the Town considers

Town of Cyril, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

Proprietary fund equity is classified in the same categories and manner as the government-wide statements.

The Town presents its fund balance in accordance with the requirements of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

L. Program Revenues

Charges for services include revenues based on exchange or exchange-like transactions, namely charges for services provided by the Town. Program specific grants and contributions (operations and capital) include revenues arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program, namely donations received from third-parties or state grants received for programs operations.

M. Related Party Transactions

There were no material related party transactions with Town officials or employees during the year ended June 30, 2023.

N. Estimates

The preparation of the basic financial statements in conformity with the modified cash basis of accounting requires Town's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the basic financial statements and/or amounts of reported revenues and expenditures during the reporting period. Actual results could differ from those estimates.

O. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Town considers all demand and savings accounts, which are highly liquid investments, to be cash. Cash invested in certificates of deposit with an original maturity of three-months or less is considered to be a cash equivalent.

P. Budget

The Town did prepare and adopt a budget for the fiscal year ending June 30, 2023.

Q. Deferred Outflow/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of

Town of Cyril, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditure) until then. The government only has two items that qualify for reporting in this category. The Town reports deferred outflows related to pensions and debt refunding.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenues) until that time. The governmental funds report unavailable revenues from court fines, technology and infrastructure fees, ambulance, and grants, and also reports deferred amount related to leases receivable. For all of these except leases, these amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government-wide Statement of Net Position reports only deferred inflows for pension and leases.

Lease-related amounts are recognized at the inception of leases in which the town is the lessor and are recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Recent Accounting Pronouncements

Governmental Accounting Policies Adopted During Current Year

In June 2017, GASB issued Statement No. 87, *Leases* (GASB 87). GASB 87 defines a lease as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. GASB 87 improves accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Town adopted GASB 87 on July 1, 2022, for the June 30, 2023, reporting year, which did not have a significant impact on the Town's financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). GASB 96 provides accounting and financial reporting guidance for the governmental end users of subscription-based information technology arrangements (SBITAs). GASB 96 defines an SBITA, establishes right-to-use assets and corresponding liabilities, and provides capitalization criteria and the note disclosures required for SBITAs. The Town adopted

Town of Cyril, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

GASB 96 on July 1, 2022, for the June 30, 2023, reporting year, which did not have a significant impact on the Town's financial statements.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022* (GASB 99). GASB 99 is a technical omnibus statement that addresses issues or concerns from previous statements that were discovered during implementation and application of those statements. GASB 99 covers several topics including but not limited to, financial guarantees, derivatives, leases, non-monetary transactions, future revenue pledges and terminology updates. The Town adopted the sections that were effective immediately for the June 30, 2023, reporting year. The remaining sections will be adopted by the Town for the June 30, 2024, reporting year, as required by GASB 99. The Town does not expect GASB 99 to have a significant impact on the financial statements.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100). GASB 100 proscribes accounting and financial reporting for accounting changes and error corrections to the financial statements. GASB 100 defines what constitutes an accounting change versus a change in accounting principle or error correction and outlines the appropriate note disclosures in each circumstance. The Town will adopt GASB 100 on July 1, 2023, for the June 30, 2024, reporting year. The Town does not expect GASB 100 to have a significant impact on the financial statements.

In June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB 101). GASB 101 outlines the definition of compensated absences and sets forth the accounting and financial reporting for compensated absence liabilities. GASB 101 outlines that leave accrued should be measured using the employees pay rate at the financial statement date and that certain salary related payments, such as Social Security and Medicare, should be included in such measurement. The Town will adopt GASB 101 on July 1, 2024, for the June 30, 2025, reporting year. The Town has not determined the impact that GASB 101 will have on the financial statements.

Date of Management's Review of Subsequent Events

Management has evaluated subsequent events through January 30, 2024, the date which the financial statements were available to be issued.

NOTE 2 – CASH AND INVESTMENTS

Cash Deposits

The Town's governmental and proprietary funds' cash deposits consist of checking, savings accounts, and certificates of deposits. These deposits are stated at cost. The Town is authorized by state statute to invest in obligations of the United States of America.

At June 30, 2023, the carrying amount and the bank balance of the governmental funds' cash deposits were \$481,318. At June 30, 2023, the carrying amount and the bank balance of the proprietary funds' cash deposits were \$581,389.

Town of Cyril, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

At June 30, 2023, the governmental and proprietary funds held the following deposits of unrestricted funds:

Unrestricted Cash and Cash Equivalents

Governmental Funds:

General Fund	339,593
Fireman Special Fund	71,384
Street & Alley Fund	38,353
Cemetery Care Fund	23,992
Park Maintenance Fund	7,974
ARPA Fund	22
Total	<u>\$ 481,318</u>

Enterprise Funds:

Municipal Authority Fund	<u>\$ 536,528</u>
Total	<u>\$ 536,528</u>

At June 30, 2023, the proprietary funds held the following deposits of restricted funds:

Restricted Cash, Cash Equivalents and Investments

Enterprise Funds:

Municipal Authority - Meter Deposits	<u>\$ 44,861</u>
Total	<u>\$ 44,861</u>

Deposits and Investment Risks:

Custodial Credit Risk – Exposure to custodial credit risk related to deposits exists when the Town holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Town’s name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the Town holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Town’s name.

The Town does not have a formal investment policy as it relates to custodial credit risk. Acceptable collateral is limited to U.S. Treasury securities and direct debt obligations of municipalities, counties, and school districts in the State of Oklahoma. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the town must have a written collateral agreement approved by the board of directors or loan committee.

Town of Cyril, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk for their governmental and proprietary funds.

As of June 30, 2023, the Town's cash, deposits, and investments are classified in the following categories:

- A. Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- B. Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- C. Uncollateralized.

	A	B	C	Total
Town of Cyril	\$ 959,234	\$ 0	\$ 103,473	\$ 1,062,707

Investment Credit Risk – State law limits the investments available to the Town and is described below.

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with instate financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c. and d.

Investment credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. The Town has no formal policy limiting investments based on credit rating but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies— as of the year end in the schedule above. Unless there is

Town of Cyril, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets identical assets; Level 2 inputs are significant other observable inputs. The valuations for Level 2 measurements are determined using quoted prices for similar assets or liabilities in active markets; Level 3 inputs are significant unobservable inputs.

The Town invests \$508,000 in Certificate of Deposits with the Bank of Commerce and \$153,834 in Certificate of Deposits with First National Bank and Trust.

NOTE 3 – ACCOUNTS RECEIVABLE

The Town issues billing for utility services at the end of the calendar month. The following includes the amount billed for water tap services not yet paid as of June 30, 2023:

	Accounts Receivable
Balance, July 1, 2022	\$ 116,290
Additions	149
Deletions	0
Balance, June 30, 2023	<u>\$ 116,439</u>

NOTE 4 – PREPAID ASSETS

Prepaid assets include the unamortized portion of the annual expense for their government funds:

	Prepaid Insurance	
	Government	Proprietary
Balance, July 1, 2022	\$ 0	\$ 0
Additions	<u>7,379</u>	<u>3,945</u>
Balance, June 30, 2023	<u>\$ 7,379</u>	<u>\$ 3,945</u>

Town of Cyril, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

Changes in governmental capital assets during the year ending June 30, 2023, were as follows:

	<u>Capital Assets</u>	<u>Accumulated Depreciation</u>
Balance, July 1, 2022	\$ 579,107	\$ 407,165
Additions	63,381	22,967
Total	642,488	430,132
Disposals	0	0
	<u>0</u>	<u>0</u>
Balance, June 30, 2023	<u>\$ 642,488</u>	<u>\$ 430,132</u>

Changes in proprietary capital assets during the year ending June 30, 2023, were as follows:

	<u>Capital Assets</u>	<u>Accumulated Depreciation</u>
Balance, July 1, 2022	\$ 2,535,566	\$ 1,900,248
Additions	178,798	67,697
Total	2,714,364	1,967,945
Disposals	0	0
	<u>0</u>	<u>0</u>
Balance, June 30, 2023	<u>\$ 2,714,364</u>	<u>\$ 1,967,945</u>

NOTE 6 – ACCOUNTS PAYABLE

Accounts Payable is those amounts for goods or services received in June but not yet paid for as of June 30, 2023. The following is the listing of those accounts payable amounts per fund:

Enterprise Funds:	
Municipal Authority	\$ 38
Total	<u>\$ 38</u>

NOTE 7 – PAYROLL LIABILITIES

The Town accrues a payroll liability and a liability for vacation pay or other compensated absences, which are liquidated through the Municipal Authority Fund. Accrued payroll and compensated absences are reported as current liabilities in the statement of net position.

Town of Cyril, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Accrued payroll and compensated absences activity for the year ended June 30, 2023 for their government funds were as follows:

	Accrued Payroll	Compensated Absences
Balance as of 07/01/2022	\$ 1,437	\$ 0
Additions	778	3,469
Reductions	0	0
Balance as of 06/30/2023	<u>\$ 2,215</u>	<u>\$ 3,469</u>

Changes in proprietary payroll liabilities during the year ending June 30, 2023, were as follows:

	Accrued Payroll	Compensated Absences
Balance as of 07/01/2022	\$ 2,365	\$ 0
Additions	0	6,511
Reductions	(64)	0
Balance as of 06/30/2023	<u>\$ 2,301</u>	<u>\$ 6,511</u>

NOTE 8 – METER DEPOSITS

The Town has an established policy for the reimbursement of meter deposits for their water services. Changes during the year ending June 30, 2023, were as follows:

	Meter Deposits
Balance, July 1, 2022	\$ 42,833
Additions	2,028
Total	44,861
Disposals	0
Balance, June 30, 2023	<u>\$ 44,861</u>

NOTE 9 – PENSION

The Town participates in the Oklahoma Municipal Retirement Fund. A recalculation of the year ending pension payments is as follows:

	Employer Portion 3%	Employee Portion 3%
FYE June 30, 2023	<u>\$ 4,277</u>	<u>\$ 4,277</u>

Town of Cyril, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

All firefighters participate in the Statewide Oklahoma Firefighter's Pension and Retirement Town. The Town contributes to this plan for each firefighter in accordance with Oklahoma Statutes.

NOTE 10 – COMMITMENTS AND CONTINGENT LIABILITIES

The financial statements do not include any provision for loss contingencies resulting from litigation. Under applicable Oklahoma statutes, cities and towns generally establish a sinking fund to satisfy legal judgments rendered against them. Tax revenues are then specifically assessed for payment of these claims which have been reduced to judgment. Such claims are generally paid through these special tax assessments over a three (3) year period.

Leases

The Town engaged in a long-term lease with Clifford and Ladonna Marshall for the use of a lagoon in November of 2012. This lease is a 20-year contract with a yearly payment. The value of the payment started at an initial payment of \$1,000, with a 3% annual escalation in payment value. Under *GASB Statement No. 87, Leases*, the lease is considered an asset that is subject to depreciation.

	<u>Leased Asset</u>	<u>Accumulated Amortization</u>
Balance as of July 1, 2022	\$ 16,773	\$ 10,010
Additions	0	809
Deletions	0	0
Balance as of June 30, 2023	<u>\$ 16,773</u>	<u>\$ 10,819</u>

The Town reports the future lease payments as a liability on the financial statements for the proprietary fund. Net present value was calculated using an interest rate of 5%. This resulted in the following future payments:

Town of Cyril, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
FYE 06/30/2024	\$ 794	\$ 632	\$ 1,426
FYE 06/30/2025	788	680	1,468
FYE 06/30/2026	764	749	1,513
FYE 06/30/2027	749	809	1,558
FYE 06/30/2028	735	870	1,605
FYE 06/30/2029	721	932	1,653
FYE 06/30/2030	707	995	1,702
FYE 06/30/2031	695	1,058	1,753
	<u>\$ 5,953</u>	<u>\$ 6,725</u>	<u>\$ 12,678</u>

The current year interest amount is \$575.

Legal

From time to time, the Town is involved in certain legal proceedings arising in the normal course of business. In the opinion of management, the ultimate disposition of such proceedings will not have a material effect on the Town's financial statements.

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. Also, all personnel responsible for custody of cash were bonded during the fiscal year.

The Town carries the following insurance coverage as protection against possible loss contingencies:

- Property Protection
- Workers Compensation
- Municipal Liability



**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***

Board of Trustees
Town of Cyril
Cyril, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cyril, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated January 30, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Cyril, Oklahoma's internal control over financial reporting (internal control) to determine 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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2023-2, 2023-3, 2023-4, and 2023-5.

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. During our audit we identified multiple deficiencies in internal control that we consider to be significant deficiencies. Finding 2023-1.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Cyril, 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.

FURRH & ASSOCIATES, PC
Lawton, Oklahoma
January 30, 2024

Town of Cyril, OK
Schedule of Findings and Responses
Year Ended June 30, 2023

Reportable Conditions of Internal Control, Compliance and Other Matters

2023-1 Under collateralization of Cyril Municipal Authority Bank Statement

Condition – Town of Cyril balances in their bank accounts at First National Bank and Trust exceed the FDIC insurance amount of \$250,000.

Effect – Town monies are not adequately protected against loss.

Cause – Conflicting information from the bank and previous auditor.

Criteria – Prudent fiduciary responsibility requires safeguarding of Town's Assets.

Recommendation – We recommend that a collateral pledge be acquired to cover balances that exceed the FDIC threshold.

Management response – Management of the Town has contacted the bank and has fixed all the bank accounts for the correct collateral the bank in the process of fixing collateral pledges amounts.

2023-2 Unauthorized Utility Charges

Condition – The Town of Cyril is not properly charging water and waste rates to citizens.

Effect – Citizens are not being properly charged for their water and waste.

Cause – Lack of proper oversight by management.

Criteria – Ordinance 2021-10 and Ordinance 2021-02.

Recommendation – We recommend that the utility billing rates be reviewed in detail by the town.

Management response – Management of the Town will perform an internal audit of their rate schedules and will credit customer's accounts as needed.

2023-3 Lack of Grant Documentation

Condition – Documentation could not be provided to substantiate grant information for their OMAG grant. Also, limited documentation was provided for their ARPA grant.

Effect – Grant income or expenses could occur without proper approval or review by management.

Town of Cyril, OK
Schedule of Findings and Responses
Year Ended June 30, 2023

Cause – Lack of documentation retention by management.

Criteria – Oklahoma Statute 11 Section 22-131 requires documentation to be maintained for five – ten years.

Recommendation – We recommend that the Town adopt a policy concerning documentation retention that is in compliance with Oklahoma State Statutes.

Management response – Management of the Town plans on keeping better documentation on all grants information and the Town is in the process of adopting a documentation retention policy.

2023-4 Those Charged with Governance Override of Controls

Condition – During the fiscal year, a member of the board overrode the ticketing of a citizen for tampering with their water meter after utility service was shut off.

Effect – Revenue could be potentially lost.

Cause – Management override of policies and procedures in place.

Recommendation – We recommend that all shut offs be carried out in accordance with the approved ordinance.

Management response – Management has taken steps to ensure all policies are followed.

2023-5 No Issuance of Assessed Late Penalties

Condition – Late payments are not being assessed on a scheduled basis.

Effect – The Town is losing potential revenue.

Cause – Management does not assess late fees if citizens have their payments in their drop box when they arrive the day after late fees should be assessed.

Criteria – Chapter 16, Section 16-5, Part 1, Rule 6 of the approved Town ordinances.

Recommendation – We recommend that late fees be assessed on the approved date per the ordinance.

Management response – Management of the Town has begun enforcing the policy set in place by those charged with governance.

Town of Cyril, OK
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2023

	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
City Sales Tax	\$ 127,060	\$ 191,038	\$ (63,978)
City Use Tax	66,774	90,074	(23,300)
Citations	66,778	35,774	31,004
Franchise Tax	21,742	28,248	(6,506)
Miscellaneous Revenue	13,043	24,990	(11,947)
Cemetery Income	12,826	16,363	(3,537)
Alcohol Beverage Tax	16,364	14,654	1,710
Fire Department Revenue	11,048	12,748	(1,700)
Rental Revenue	5,970	9,331	(3,361)
Interest	286	3,006	(2,720)
Cigarette Tax	1,588	1,724	(136)
License and Permits Revenue	132	765	(633)
Animal Control	773	35	738
	<hr/>	<hr/>	<hr/>
Total Revenue	344,384	428,750	(84,366)
<u>Expenditures</u>			
<u>General Government</u>			
Personal Services	69,124	66,396	2,728
Maintenance and Operations	66,014	75,965	(9,951)
Capital Outlay	0	16,351	(16,351)
	<hr/>	<hr/>	<hr/>
Total General Government	135,138	158,712	(23,574)
<u>Police Department</u>			
Personal Services	114,675	68,347	46,328
Maintenance and Operations	60,075	49,097	10,978
	<hr/>	<hr/>	<hr/>
Total Police Department	174,750	117,444	57,306
<u>Fire Department</u>			
Personal Services	5,034	5,940	(906)
Maintenance and Operations	16,031	37,545	(21,514)
Capital Outlay	0	47,030	(47,030)
	<hr/>	<hr/>	<hr/>
Total Fire Department	21,065	90,515	(69,450)
<u>Cemetery</u>			
Maintenance and Operations	480	778	(298)
	<hr/>	<hr/>	<hr/>
Total Cemetery	480	778	(298)
	<hr/>	<hr/>	<hr/>
Total Expenditures	331,433	367,449	(36,016)
<u>Revenue Over (Under) Expenditures</u>	12,951	61,301	(48,350)

Please see accompanying notes to the financial statements.

Town of Cyril, OK
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2023

	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Other Financing Sources (Uses)</u>			
Transfer In	0	0	0
Transfer Out	<u>(6,500)</u>	<u>(2,500)</u>	<u>(4,000)</u>
Total Other Financing Sources (Uses)	<u>(6,500)</u>	<u>(2,500)</u>	<u>(4,000)</u>
<u>Revenue and Other Financing Sources</u>			
<u>Over (Under) Expenditures & Other Uses</u>	6,451	58,801	(52,350)
<u>Fund Balance, June 30, 2022</u>	<u>280,792</u>	<u>280,792</u>	<u>0</u>
<u>Fund Balance, June 30, 2023</u>	<u><u>\$ 287,243</u></u>	<u><u>\$ 339,593</u></u>	<u><u>\$ (52,350)</u></u>

Please see accompanying notes to the financial statements.

Town of Cyril, OK
Notes to Required Supplemental Information
Year Ended June 30, 2023

Note 1 - Notes to Required Supplemental Information

The Town's annual operating budget represents appropriations as authorized by the Governing Board in accordance with the provisions of the Oklahoma statutes.

The Town operates under the guidelines of the "Municipal Budget Act" which allows the Governing Board to prepare its budgets based upon its estimated revenue. In addition, revisions may be made to the budget throughout the year as authorized by the Governing Board. The legal level of control of the budget is the expenditure category. The expenditure categories required by the applicable state statutes are:

1. Personal Services
2. Maintenance and Operations
3. Capital Outlays

It is the Town's policy that all appropriations lapse at the end of the fiscal year.

The operating budgets of the grants cover the period designated in the grant documents. The Town prepares its annual operating budget on the modified cash basis of accounting, the same basis used to account for actual revenues and expenditures.

The Town did prepare an annual operating budget for any funds for fiscal year ending June 30, 2023.

Town of Cyril, OK
Nonmajor Governmental Funds
Balance Sheet
(Modified Cash Basis)
June 30, 2023

	<u>ARPA</u>	<u>Cemetery Care</u>	<u>Fireman's Special</u>	<u>Park Maintenance</u>	<u>Street & Alley</u>	<u>Total Non- Major Govt Funds</u>
<u>Assets</u>						
Cash in Bank	\$ 22	\$ 23,992	\$ 71,384	\$ 7,974	\$ 38,353	\$ 141,725
Total Assets	<u>\$ 22</u>	<u>\$ 23,992</u>	<u>\$ 71,384</u>	<u>\$ 7,974</u>	<u>\$ 38,353</u>	<u>\$ 141,725</u>
<u>Liabilities</u>						
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Liabilities	0	0	0	0	0	0
<u>Fund Equity</u>						
Fund Balance:						
Unrestricted	<u>22</u>	<u>23,992</u>	<u>71,384</u>	<u>7,974</u>	<u>38,353</u>	<u>141,725</u>
Liabilities & Equity	<u>\$ 22</u>	<u>\$ 23,992</u>	<u>\$ 71,384</u>	<u>\$ 7,974</u>	<u>\$ 38,353</u>	<u>\$ 141,725</u>

Please see accompanying notes to the financial statements.

Town of Cyril, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Year Ended June 30, 2023

	ARPA	Cemetery Care	Fireman's Special	Park Maintenance	Street & Alley	Total Non- Major Govt Funds
<u>Revenue</u>						
Grants	\$ 89,125	\$ 0	\$ 0	\$ 0	\$ 0	\$ 89,125
Tax Revenue	0	0	15,920	7,960	15,772	39,652
Donations	0	0	27,787	0	0	27,787
Cemetery Income	0	2,388	0	0	0	2,388
Interest	247	438	494	22	509	1,710
 Total Revenue	 89,372	 2,826	 44,201	 7,982	 16,281	 160,662
<u>Expenditures</u>						
Maintenance & Operations	0	0	0	5,884	46,517	52,401
Capital Outlay	104,231	0	4,588	0	0	108,819
 Total Expenditures	 104,231	 0	 4,588	 5,884	 46,517	 161,220
 <u>Revenue Over (Under) Expenditures</u>	 (14,859)	 2,826	 39,613	 2,098	 (30,236)	 (558)
 Transfer (to)/from other accounts	 (73,467)	 0	 0	 2,500	 0	 (70,967)
 <u>Fund Balance, June 30, 2022</u>	 88,348	 21,166	 31,771	 3,376	 68,589	 213,250
 <u>Fund Balance, June 30, 2023</u>	 \$ 22	 \$ 23,992	 \$ 71,384	 \$ 7,974	 \$ 38,353	 \$ 141,725

Please see accompanying notes to the financial statements.