

**INDEPENDENT ACCOUNTANT'S
AUDIT REPORT**

**TOWN OF CYRIL
Cyril, Oklahoma**

JUNE 30, 2024

BY



Town of Cyril
Cyril, Oklahoma
Year Ended June 30, 2024

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 - 30
 <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>	31 - 32
Schedule of Findings	33

Budget and Actual – General Fund – Modified Cash Basis	34 - 35
Notes to Required Supplemental Information	36
Balance Sheet –Nonmajor Governmental Funds – Modified Cash Basis	37
Schedule of Revenue, Expenditures, and Changes in Fund Balance	
Nonmajor Governmental Funds– Modified Cash Basis	38



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Town of Cyril
Cyril, Oklahoma

Report on the Audit of the Financial Statements

Qualified and Unmodified 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, 2024, 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.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
General Fund	Qualified
Public Works Authority	Unmodified
Aggregate Remaining Fund Information	Unmodified

Qualified Opinion on the General Fund

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the General Fund of the Town of Cyril, Oklahoma, as of June 30, 2024, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on Governmental Activities, Business-Type Activities, Public Works Authority, and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental Activities, Business-Type Activities, Public Works Authority, and Aggregate Remaining Fund Information for the Town of Cyril, Oklahoma as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof

for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified 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.

Matter Giving Rise to the Qualified Opinion on the General Fund

Management does not have the knowledge and/or methodology for detecting and correcting accounting misstatements. This lead to the material misstatement of cash balances.

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 and related notes 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 related notes 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 November 7, 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

FURRH & ASSOCIATES, PC

Lawton, Oklahoma

November 7, 2024

Town of Cyril, OK
Statement of Net Position
(Modified Cash Basis)
June 30, 2024

	Primary Government		
	Governmental Activities	Business Type Activities	Total
<u>Assets</u>			
Cash and Cash Equivalents	\$ 344,669	\$ 185,355	\$ 530,024
Investments	185,000	330,039	515,039
Accounts Receivable	0	51,959	51,959
Prepaid Expenses	7,676	3,827	11,503
Capital Assets	750,858	2,722,020	3,472,878
Accumulated Depreciation	(460,365)	(2,043,586)	(2,503,951)
Lease Assets	0	16,773	16,773
Accumulated Amortization	0	(10,819)	(10,819)
 Total Assets	 \$ 827,838	 \$ 1,255,568	 \$ 2,083,406
<u>Liabilities</u>			
Accounts Payable	\$ 24,270	\$ 12,701	\$ 36,971
Accrued Payroll & Comp. Absences	3,274	13,234	16,508
Lease Liability	0	5,953	5,953
Meter Deposits	0	46,496	46,496
 Total Liabilities	 27,544	 78,384	 105,928
<u>Net Position</u>			
Invested in Capital	290,493	684,387	974,880
Restricted	0	50,630	50,630
Unrestricted	509,801	442,167	951,968
 Total Net Position	 800,294	 1,177,184	 1,977,478
 Total Liabilities & Net Position	 \$ 827,838	 \$ 1,255,568	 \$ 2,083,406

Please see accompanying notes to the financial statements.

Town of Cyril, OK
Statement of Activities
(Modified Cash Basis)
Year Ended June 30, 2024

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
Primary Government							
Governmental Activities							
General Government	\$ 174,050	\$ 1,902	\$ 0	\$ 0	\$ (172,148)	\$ 0	\$ (172,148)
Public Safety - Fire	48,592	10,359	4,400	0	(33,833)	0	(33,833)
Street and Alley	14,998	0	0	0	(14,998)	0	(14,998)
Public Safety - Police	157,092	35,236	0	0	(121,856)	0	(121,856)
Cemetery	1,983	15,449	50	0	13,516		13,516
Parks and Recreation	8,671	0	0	0	(8,671)	0	(8,671)
Total Governmental Activities	405,386	62,946	4,450	0	(337,990)	0	(337,990)
Enterprise Activities							
Public Works Authority	892,528	632,370	0	0	0	(260,158)	(260,158)
Total Enterprise Activities	892,528	632,370	0	0			
Total Primary Government	<u>\$ 1,297,914</u>	<u>\$ 695,316</u>	<u>\$ 4,450</u>	<u>\$ 0</u>	(337,990)	(260,158)	(598,148)
General Revenue							
Taxes							
					207,990	0	207,990
					68,955	0	68,955
					27,601	0	27,601
					14,000	0	14,000
					1,537	0	1,537
					1,412	0	1,412
					5,934	0	5,934
					1,514	0	1,514
					82,718	27,399	110,117
					10,029	14,111	24,140
					421,690	41,510	463,200
					(1,350)	1,350	0
					82,350	(217,298)	(134,948)
					688,490	1,394,482	2,082,972
					29,454	0	29,454
					\$ 800,294	\$ 1,177,184	\$ 1,977,478

Please see accompanying notes to the financial statements.

Town of Cyril, OK
Governmental Funds
Balance Sheet
(Modified Cash Basis)
June 30, 2024

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>			
Cash and Cash Equivalents	\$ 266,992	\$ 77,677	\$ 344,669
Investments	100,000	85,000	185,000
	<u>366,992</u>	<u>162,677</u>	<u>529,669</u>
Total Assets	<u>\$ 366,992</u>	<u>\$ 162,677</u>	<u>\$ 529,669</u>
<u>Liabilities and Fund Balances</u>			
Deferred Outflow - US Payment Liability	\$ 21,044	\$ 0	\$ 21,044
Deferred Outflow - Accounts Payable	2,272	0	2,272
Deferred Outflow - Unclaimed Property	954	0	954
	<u>24,270</u>	<u>0</u>	<u>24,270</u>
Total Liabilities	24,270	0	24,270
Fund Balances			
Non-spendable	0	0	0
Restricted	0	162,677	162,677
Committed	0	0	0
Assigned	0	0	0
Unassigned	342,722	0	342,722
	<u>342,722</u>	<u>0</u>	<u>342,722</u>
Total Liabilities and Fund Balances	<u>\$ 366,992</u>	<u>\$ 162,677</u>	<u>\$ 529,669</u>

Please see accompanying notes to the financial statements.

Town of Cyril, OK
Governmental Funds
Balance Sheet
(Modified Cash Basis)
June 30, 2024

Reconciliation to Statement of Net Position

Fund Balances	505,399
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital Assets used in governmental activities of \$750,858 Net of Accumulated Depreciation of \$460,365 are not financial resources and, therefore, are not reported in the funds.	290,493
Prepaid Expenses are not a financial asset	7,676
The following items are not considered financial liabilities: Accrued Compensated Absences & Accrued Payroll	<u>(3,274)</u>
Net Position of Governmental Activities	<u><u>\$ 800,294</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, 2024

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenue</u>			
Tax Revenue	\$ 294,197	\$ 34,746	\$ 328,943
Miscellaneous	82,718	0	82,718
Cemetery Income	13,519	1,930	15,449
Donations	0	4,450	4,450
Fire Department Revenue	10,359	0	10,359
Rent Income	1,902	0	1,902
Fines	35,236	0	35,236
	<hr/>	<hr/>	<hr/>
Total Revenue	437,931	41,126	479,057
<u>Expenditures</u>			
General Government:			
General Government	218,657	0	218,657
Public Safety:			
Police	163,318	0	163,318
Fire	65,507	0	65,507
Cemetery			
Cemetery	621	0	621
Street and Public Works:			
Streets	10,000	153	10,153
Parks and Recreation:			
Park Maintenance	0	5,399	5,399
	<hr/>	<hr/>	<hr/>
Total Expenditures	458,103	5,552	463,655
	<hr/>	<hr/>	<hr/>
<u>Revenue Over (Under) Expenditures</u>	(20,172)	35,574	15,402
<u>Other Financing Sources (Uses)</u>			
Interest Income	5,715	4,314	10,029
Transfers In/(Out)	17,586	(18,936)	(1,350)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	23,301	(14,622)	8,679
	<hr/>	<hr/>	<hr/>
<u>Net Changes in Fund Balance</u>	3,129	20,952	24,081
<u>Fund Balance, June 30, 2023</u>	339,593	141,725	481,318
	<hr/>	<hr/>	<hr/>
<u>Fund Balance, June 30, 2024</u>	\$ 342,722	\$ 162,677	\$ 505,399
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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, 2024

Total Net Change in Fund Balance	\$	24,081
Capital outlay to purchase assets that are reported in governmental funds as expenditures	\$	108,370
Capital expenses allocated over useful lives as annual depreciation as shown in the statement of activities	<u>(30,233)</u>	
Net effect of Capital Related Expenditures		78,137
Prepaid Expenses		7,676
Net effect of Prepaid Expenses		
Compensated Absences		(3,274)
Net effect of Accrued Payroll and Accrued Compensated Absences		
US Payments and Unclaimed Property		<u>(24,270)</u>
Net effect of US Payments and Unclaimed Property		
Change in Net Position of Governmental Activities	<u>\$</u>	<u>82,350</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, 2024

ASSETS

Current Assets		
Cash and Cash Equivalents	\$	185,355
Accounts Receivable		51,959
Prepaid Expenses		3,827
Total Current Assets		<u>\$ 241,141</u>
Noncurrent Assets		
Capital Assets		2,722,020
Accumulated Depreciation		(2,043,586)
Lease Asset		16,773
Accumulated Amortization		(10,819)
Total Noncurrent Assets		<u>684,388</u>
Restricted Assets		
Investments		330,039
Total Restricted Assets		<u>330,039</u>
Total Assets		<u><u>\$ 1,255,568</u></u>

LIABILITIES

Current Liabilities		
Due to Depositors	\$	46,496
Accrued Payroll and Compensated Absences		13,234
Accounts Payable		12,701
Total Current Liabilities		<u>\$ 72,431</u>
Noncurrent Liabilities		
Lease Liability		5,953
Total Noncurrent Liabilities		<u>5,953</u>
Total Liabilities		<u>78,384</u>

NET POSITION

Invested in Capital Assets, Net of Related Debt		684,387
Restricted due to Meter Fund		50,630
Unrestricted		442,167
Total Net Position		<u>1,177,184</u>
Total Net Position and Liabilities		<u><u>\$ 1,255,568</u></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, 2024

Operating Revenue

Water Revenue	\$ 294,615	
Garbage Revenue	181,435	
Sewer Revenue	156,320	
Miscellaneous Income	27,399	
Total Operating Revenue		\$ 659,769

Operating Expense

Personnel Services	218,464	
Repairs & Maintenance	190,975	
Water Purchase	178,361	
Contractual Services	154,285	
Miscellaneous Expense	65,541	
Depreciation/Amortization	75,641	
Utilities	9,261	
Total Operating Expense		892,528

Net Operating Income (Loss) (232,759)

Nonoperating Revenue (Expense)

Interest Income	14,111
-----------------	--------

Net Nonoperating Income (Loss) 14,111

Net Revenue (Loss) (218,648)

Transfer (to)/from other accounts 1,350

Total Net Position, June 30, 2023 1,394,482

Total Net Position, June 30, 2024 \$ 1,177,184

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, 2024

Cash Flows from Operating Activities

Receipts from Customers	\$ 696,850	
Miscellaneous Revenue	27,399	
Operating Expenses	<u>(798,051)</u>	
Net Cash Provided by Operating Activities		\$ (73,802)

Cash Flows from Investing Activities

Purchase of Capital Assets	(7,656)	
Interest Income	<u>14,111</u>	
Net Cash Provided by Investing Activities		6,455

Cash Flows from Financing Activities

Transfers from Other Funds	<u>1,350</u>	
Net Cash Provided by Financing Activities		<u>1,350</u>

Net Increase (Decrease) in Cash and Cash Equivalents (65,997)

Cash and Cash Equivalents - June 30, 2023 581,391

Cash and Cash Equivalents - June 30, 2024 \$ 515,394

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income		\$ (232,232)
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities		
Depreciation Expense	\$ 75,641	
Decrease in Accounts Receivable	64,480	
Decrease in Prepaid Expenses	117	
Increase in Accrued Payroll Expenses	4,422	
Increase in Accounts Payable	12,135	
Increase in Customer Deposits	<u>1,635</u>	
		<u>158,430</u>
Net Cash Provided by Operating Activities		<u><u>\$ (73,802)</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, 2024

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, 2024

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, 2024

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, 2024

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. The activity for the year for interfund transfers is as follows:

Fund	Transfers In	Transfers Out
to General Fund:		
from Fireman Special	\$	\$ 8,936
from Street & Alley		10,000
to Public Works Authority:		
from General		1,350
from Fireman Special		
to General Fund	8,936	
from Street & Alley		
to General Fund	10,000	
from General		
to Public Works Authority	1,350	
	\$ 20,286	\$ 20,286

Town of Cyril, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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.

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.

Town of Cyril, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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.

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.

Town of Cyril, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

- 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. These amounts are determined by a formal action by Town Council. No policy has been implemented.
- 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 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

The Town of Cyril was engaged with the Multiple Community Services Authority ("MCSA") for trash services for the year ending June 30, 2024. MCSA was created as a Trust Authority through a collaborative effort by several towns in the vicinity, and the Town of Cyril was one of the original investors in the entity. As a member of MCSA, the mayor of Cyril sits as a board member. Because the mayor has the ability to influence MCSA's policies and procedures, the transactions taking place between MCSA and the Town are not considered arm's length transactions. Total amount spent as of June 30, 2024 to MCSA was \$141,057.

Town of Cyril, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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, 2024.

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 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.

Town of Cyril, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Recent Accounting Pronouncements

Governmental Accounting Policies Adopted During Current Year

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 remaining sections were 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 adopted 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.

In January 2024, GASB issued Statement No. 102, *Certain Risks Disclosures* (GASB 102). GASB 102 addresses financial reporting regarding certain concentrations or constraints and related events that may have a substantial impact and negatively affect the level of service a government provides. The Town adopted GASB 102 on January 8, 2024 for the June 30, 2024 reporting year. GASB 102 did not have a material impact on the financial statements.

Date of Management's Review of Subsequent Events

Management has evaluated subsequent events through November 7, 2024, the date which the financial statements were available to be issued.

Town of Cyril, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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, 2024, the carrying amount and the bank balance of the governmental funds' cash deposits were \$344,669. At June 30, 2024, the carrying amount and the bank balance of the proprietary funds' cash deposits were \$185,355.

At June 30, 2024, the governmental and proprietary funds held the following deposits of unrestricted funds:

Unrestricted Cash and Cash Equivalents

Governmental Funds:

General Fund	266,992
Fireman Special Fund	42,571
Street & Alley Fund	18,635
Park Maintenance Fund	9,463
Cemetery Care Fund	6,985
ARPA Fund	23
Total	<u><u>\$ 344,669</u></u>

Enterprise Funds:

Municipal Authority Fund	<u>\$ 138,859</u>
Total	<u><u>\$ 138,859</u></u>

At June 30, 2024, the proprietary funds held the following deposits of restricted funds:

Restricted Cash, Cash Equivalents and Investments

Enterprise Funds:

Municipal Authority - Meter Deposits	<u>\$ 46,496</u>
Total	<u><u>\$ 46,496</u></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

Town of Cyril, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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.

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, 2024, 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
First National Bank & Trust	\$ 530,024	\$ 0	\$	\$ 530,024

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.

Town of Cyril, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

- 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 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 \$357,914 in Certificate of Deposits with the Bank of Commerce and \$157,125 in Certificate of Deposits with First National Bank and Trust. The following is additional information on the Certificate of Deposits:

Investment Name	Interest Rate	Balance as of June 30, 2024
First National Bank CD #3030002814 - CMA	4.96%	\$ 102,830
Bank of Commerce CD #111632 - General Fund	5.25%	100,000
Bank of Commerce CD #111644 - CMA	4.38%	100,000
Bank of Commerce CD #112396 - CMA	4.57%	52,914
Bank of Commerce CD #111852 - Fireman's Special	3.75%	40,000
First National Bank CD #3030002491 - CMA	4.96%	32,692
Bank of Commerce CD #111636 - Street & Alley	5.25%	25,000
First National Bank CD #303300000248 - Meter	4.96%	21,603
Bank of Commerce CD #111640 - Cemetery	4.91%	20,000
Bank of Commerce CD #111876 - Meter	3.94%	20,000
		\$ 515,039

Town of Cyril, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 3 – ACCOUNTS RECEIVABLE

The Town issues billing for utility services at the end of the calendar month. Management considers the entire amount of accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been computed on the accounts receivable balance. The changes during the year for proprietary accounts receivable is as follows:

	Accounts Receivable
Balance, July 1, 2022	\$ 115,543
Additions	0
Deletions	(63,584)
Balance, June 30, 2023	<u>\$ 51,959</u>

NOTE 4 – PREPAID ASSETS

Prepaid expenses in the financial statements represent insurance payments made during the fiscal year ending June 30, 2024 to insurers for insurance coverage periods after the fiscal year end. As of June 30, 2024, the Town's governmental funds had a prepaid expense in the amount of \$7,676 and the proprietary funds had a prepaid expense in the amount of \$3,828. The changes during the year for governmental and proprietary funds are as follows:

	Prepaid Insurance	
	Government	Proprietary
Balance, July 1, 2023	\$ 7,379	\$ 3,945
Additions	297	0
Deletions	0	117
Balance, June 30, 2024	<u>\$ 7,676</u>	<u>\$ 3,828</u>

Town of Cyril, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

Changes in governmental capital assets during the year ending June 30, 2024, were as follows:

	Balance July 1, 2023	Additions	Disposals	Balance June 30, 2024
Government Activities:				
Cemetery	\$ 34,484	\$ 0	\$ 0	\$ 34,484
Fire	287,620	28,838	0	316,458
General Government	74,994	24,750	0	99,744
Parks & Recreation	151,352	0	0	151,352
Police	60,001	8,783	0	68,784
Street & Alley	34,037	45,999	0	80,036
Governmental Capital Assets	\$ 642,488	\$ 108,370	\$ 0	\$ 750,858
Accumulated Depreciation	(430,132)	(30,233)	0	(460,365)
Governmental Net Capital Assets	<u>\$ 212,356</u>	<u>\$ 78,137</u>	<u>\$ 0</u>	<u>\$ 290,493</u>

Changes in proprietary capital assets during the year ending June 30, 2024, were as follows:

	Balance July 1, 2023	Additions	Disposals	Balance June 30, 2024
Business Type Activities:				
Water/Sewer	\$ 2,714,364	\$ 7,656	\$ 0	\$ 2,722,020
Business Type Capital Assets	\$ 2,714,364	\$ 7,656	\$ 0	\$ 2,722,020
Accumulated Depreciation	(1,967,945)	(75,641)	0	(2,043,586)
Business Type Net Capital Assets	<u>\$ 746,419</u>	<u>\$ (67,985)</u>	<u>\$ 0</u>	<u>\$ 678,434</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, 2024. The following is the listing of those accounts payable amounts per fund:

	Accounts Payable	
	Government	Proprietary
Balance, July 1, 2023	\$ 1,587	\$ 38
Additions	22,683	12,663
Deletions	0	0
Balance, June 30, 2024	<u>\$ 24,270</u>	<u>\$ 12,701</u>

Town of Cyril, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

For their large increase in accounts payable in their Government Funds, they had reconciliation errors near year end. The increase is made of US Payments incorrectly recorded on the reconciliation in the amount of \$21,044 and payments for Unclaimed Property incorreced recorded on the reconciliation in the amount of \$954. The above-mentioned matters are the basis for their qualified opinion in the General Fund.

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.

Accrued payroll and compensated absences activity for the year ended June 30, 2024 for their government funds were as follows:

	Government Funds	
	Accrued Payroll	Compensated Absences
Balance as of 07/01/2023	\$ 2,215	\$ 3,469
Additions	51	0
Reductions	0	(2,461)
Balance as of 06/30/2024	<u>\$ 2,266</u>	<u>\$ 1,008</u>

Changes in proprietary payroll liabilities during the year ending June 30, 2024, were as follows:

	Proprietary Funds	
	Accrued Payroll	Compensated Absences
Balance as of 07/01/2023	\$ 2,301	\$ 6,511
Additions	2,921	1,500
Reductions	0	0
Balance as of 06/30/2024	<u>\$ 5,222</u>	<u>\$ 8,011</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, 2024, were as follows:

Town of Cyril, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

	<u>Meter Deposits</u>
Balance, July 1, 2023	\$ 44,861
Additions	<u>1,635</u>
Total	46,496
Disposals	<u>0</u>
Balance, June 30, 2024	<u><u>\$ 46,496</u></u>

NOTE 9 – PENSION

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

	<u>Employer Portion 3%</u>	<u>Employee Portion 3%</u>
FYE June 30, 2024	\$ 4,380	\$ 4,380
FYE June 30, 2023	\$ 4,277	\$ 4,277

All firefighters participate in the Statewide Oklahoma Firefighter’s Pension and Retirement Plan. 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.

Town of Cyril, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

	<u>Leased Asset</u>	<u>Accumulated Amortization</u>
Balance as of July 1, 2023	\$ 16,773	\$ 10,819
Additions	0	0
Deletions	0	0
Balance as of June 30, 2024	<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:

	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
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	1,489	1,690	3,179
	<u>\$ 5,953</u>	<u>\$ 6,725</u>	<u>\$ 12,678</u>

The current year interest amount is \$0.

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

Town of Cyril, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 11 – FUND EQUITY

During the fiscal year ending June 30, 2024, the Town had the following Non-Spendable, Restricted, Committed, and Assigned Fund Balances:

Government Activities:

a. Non-spendable

The Town had no non-spendable funds as of June 30, 2024.

b. Restricted

Fund	Amount
Non-major Governmental Funds:	
Fireman's Special	\$ 82,571
Street & Alley	43,635
Cemetery Care	26,985
Park Maintenance	9,463
ARPA	23
Total Non-major Governmental Funds:	162,677
Total Restricted Funds	<u>\$ 162,677</u>

c. Committed

The Town had no committed funds as of June 30, 2024.

d. Assigned

The Town had no assigned funds as of June 30, 2024.

e. Unassigned

Fund	Amount
General Fund	\$ 801,210
Total Unassigned Funds	<u>\$ 801,210</u>



**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, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 7, 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 *material weaknesses*. 2024-1 and 2024-2.

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 did not identify deficiencies in internal control that we consider to be significant deficiencies.

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
FURRH & ASSOCIATES, PC
Lawton, Oklahoma
November 7, 2024

Town of Cyril, OK
Schedule of Findings and Responses
Year Ended June 30, 2024

Reportable Conditions of Internal Control, Compliance and Other Matters

2024-1 Improper Bank Reconciliation

Condition – Transactions occurred near year end that were not properly recorded in the fiscal period.

Effect – The end of year asset balances were materially misstated.

Cause – The year end reconciliation was adjusted to balance without the proper reconciliation items.

Criteria – Best accounting practices require that reconciliations be performed using relevant information in a timely manner.

Recommendation – We recommend that period end items are reviewed before completing bank reconciliations.

Management response – Clerk is aware of correct procedure and will follow that in future reconciliations.

2024-2 Lack of Segregation of Duties

Condition – The Town had limited personnel performing accounting functions during the year.

Effect – The lack of proper segregation of duties could allow for the occurrence of errors or fraud.

Cause – Due to limited funding and applicants, the Town does not have the ability to completely segregate the accounting functions.

Criteria – Best accounting practices require that accounting functions be separated into appropriate sections given the size and complexity of the entity.

Recommendation – We recommend that the Town establish and implement additional procedures to provide oversight by either other employees or council members.

Management response – Management is aware of the issue and is looking into ways to minimize this within financial means available.

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, 2024

	Original / Final Budget	Actual	Positive (Negative)
<u>Revenue</u>			
City Sales Tax	\$ 127,060	\$ 180,590	\$ 53,530
Pilot Tax	0	1,537	1,537
City Use Tax	66,774	68,955	2,181
Citations	69,114	35,236	(33,878)
Franchise Tax	21,742	27,601	5,859
Miscellaneous Revenue	13,207	82,448	69,241
Cemetery Income	12,826	13,519	693
Alcohol Beverage Tax	16,364	14,000	(2,364)
Fire Department Revenue	11,048	10,359	(689)
Rental Revenue	5,970	1,902	(4,068)
Interest	358	5,715	5,357
Cigarette Tax	1,588	1,514	(74)
License and Permits Revenue	132	225	93
Animal Control	773	45	(728)
Total Revenue	346,956	443,646	96,690
<u>Expenditures</u>			
<u>General Government</u>			
Personal Services	66,115	81,033	(14,918)
Maintenance and Operations	74,178	76,875	(2,697)
Capital Outlay	0	60,749	(60,749)
Total General Government	140,293	218,657	(78,364)
<u>Police Department</u>			
Personal Services	109,684	98,829	10,855
Maintenance and Operations	54,787	55,706	(919)
Debt Service	7,680	0	7,680
Capital Outlay	1,475	8,783	(7,308)
Total Police Department	173,626	163,318	10,308
<u>Fire Department</u>			
Personal Services	0	3,885	(3,885)
Maintenance and Operations	19,996	32,784	(12,788)
Capital Outlay	0	28,838	(28,838)
Total Fire Department	19,996	65,507	(45,511)
<u>Street Department</u>			
Capital Outlay	0	10,000	(10,000)
Total Street Department	0	10,000	(10,000)

Cemetery

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, 2024

	Original / Final Budget	Actual	Positive (Negative)
Maintenance and Operations	459	621	(162)
Total Cemetery	459	621	(162)
Total Expenditures	334,374	458,103	(123,729)
<u>Revenue Over (Under) Expenditures</u>	12,582	(14,457)	(27,039)
<u>Other Financing Sources (Uses)</u>			
Transfer In	0	18,936	18,936
Transfer Out	(12,500)	(1,350)	11,150
Total Other Financing Sources (Uses)	(12,500)	17,586	30,086
<u>Revenue and Other Financing Sources</u>			
<u>Over (Under) Expenditures & Other Uses</u>	82	3,129	3,047
<u>Fund Balance, June 30, 2023</u>	287,243	339,593	52,350
<u>Fund Balance, June 30, 2024</u>	<u>\$ 287,325</u>	<u>\$ 342,722</u>	<u>\$ 55,397</u>

Please see accompanying notes to the financial statements.

Town of Cyril, OK
Notes to Required Supplemental Information
Year Ended June 30, 2024

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 prepared an annual operating budget for their general fund for fiscal year ending June 30, 2024.

Town of Cyril, OK
Nonmajor Governmental Funds
Balance Sheet
(Modified Cash Basis)
June 30, 2024

	<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	\$ 23	\$ 6,985	\$ 42,571	\$ 9,463	\$ 18,635	\$ 77,677
Certificate of Deposit	0	20,000	40,000	0	25,000	85,000
Total Assets	<u>\$ 23</u>	<u>\$ 26,985</u>	<u>\$ 82,571</u>	<u>\$ 9,463</u>	<u>\$ 43,635</u>	<u>\$ 162,677</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>23</u>	<u>26,985</u>	<u>82,571</u>	<u>9,463</u>	<u>43,635</u>	<u>162,677</u>
Liabilities & Equity	<u>\$ 23</u>	<u>\$ 26,985</u>	<u>\$ 82,571</u>	<u>\$ 9,463</u>	<u>\$ 43,635</u>	<u>\$ 162,677</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, 2024

	<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>Revenue</u>						
Tax Revenue	\$ 0	\$ 0	\$ 13,700	\$ 6,850	\$ 14,196	\$ 34,746
Donations	0	50	4,400	0	0	4,450
Cemetery Income	0	1,930	0	0	0	1,930
Interest	1	1,013	2,023	38	1,239	4,314
Total Revenue	1	2,993	20,123	6,888	15,435	45,440
<u>Expenditures</u>						
Maintenance & Operations	0	0	0	5,399	152	5,551
Capital Outlay	0	0	0	0	0	0
Total Expenditures	0	0	0	5,399	152	5,551
<u>Revenue Over (Under) Expenditures</u>	1	2,993	20,123	1,489	15,283	39,889
Transfer (to)/from other accounts	0	0	(8,936)	0	(10,000)	(18,936)
<u>Fund Balance, June 30, 2023</u>	22	23,992	71,384	7,974	38,352	141,724
<u>Fund Balance, June 30, 2024</u>	<u>\$ 23</u>	<u>\$ 26,985</u>	<u>\$ 82,571</u>	<u>\$ 9,463</u>	<u>\$ 43,635</u>	<u>\$ 162,677</u>

Please see accompanying notes to the financial statements.