

CITY OF SHIDLER
Shidler, Oklahoma

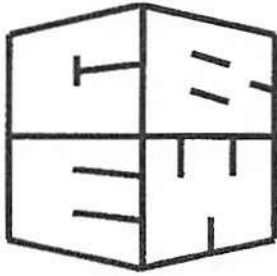
BASIC FINANCIAL STATEMENTS
June 30, 2023

**CITY OF SHIDLER
Shidler, Oklahoma**

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INDEPENDENT AUDITOR'S REPORT

October 18, 2023

Honorable Board of City Commissioners
City of Shidler
Shidler, Oklahoma

Opinions

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 City of Shidler, Oklahoma, (City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Shidler, Oklahoma, 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 as described in Note 1.

Basis for Opinions

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

Emphasis of Matter

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.

Responsibility 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The schedule of expenditures of federal awards – modified cash basis is 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 schedule of expenditures of federal awards – modified cash basis is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis and budgetary comparison information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

CBEW Professional Group, LLP

CBEW Professional Group, LLP
Certified Public Accountants

CITY OF SHIDLER
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
June 30, 2023

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and investments:			
Cash & cash equivalents	\$ 355,424	\$ 127,533	\$ 482,957
Cash on hand	200	-	200
Investments	70,298	161,369	231,667
Due to/from others	-	-	-
Restricted assets:			
Cash, insurance deposit	10,951	-	10,951
Capital assets:			
Land	-	344,760	344,760
Construction in progress	-	-	-
Depreciable buildings, property, equipment and infrastructure, net of depreciation	175,369	1,272,320	1,447,689
Other assets:			
Debt issue costs	-	-	-
Total assets	\$ 612,242	\$ 1,905,982	\$ 2,518,224
Deferred outflows of resources:			
None	-	-	-
Total deferred outflows	-	-	-
Liabilities:			
Current liabilities:			
Payroll taxes payable	-	336	336
Meter deposits	-	33,762	33,762
Notes payable	-	30,497	30,497
Non-current liabilities:			
Notes payable	-	156,552	156,552
Total liabilities	-	221,147	221,147
Deferred inflows of resources:			
None	-	-	-
Total deferred inflows	-	-	-
Net position:			
Net investment in capital assets	175,369	1,430,031	1,605,400
Restricted	45,385	-	45,385
Unrestricted	391,488	254,804	646,292
Total net position	\$ 612,242	\$ 1,684,835	\$ 2,297,077

The accompanying notes are an integral part of the basic financial statements.

CITY OF SHIDLER
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
MODIFIED CASH BASIS
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government:				
City clerk	\$ 54,303	\$ -	\$ -	\$ (54,303)
Governing board	-	-	-	-
General government	59,849	253	4,538	(55,058)
Total general government	114,152	253	4,538	(109,361)
Public safety and judiciary:				
City attorney	13,511	-	-	(13,511)
Fire	25,476	-	10,053	(15,423)
Ambulance	12,761	4,745	5,049	(2,967)
Total public safety and judiciary	51,748	4,745	15,102	(31,901)
Transportation:				
Streets	8,039	-	-	(8,039)
Total transportation	8,039	-	-	(8,039)
Cultural, parks and recreation:				
Library	-	-	1,200	1,200
Parks	-	-	-	-
Total cultural, parks and recreation	-	-	1,200	1,200
Unallocated depreciation*	27,542	-	-	(27,542)
Total governmental activities	201,481	4,998	20,840	(175,643)
Business-type activities				
Gas service	-	-	-	-
Water service	149,441	134,646	-	(14,795)
Sewer service	25,060	61,631	-	69,429
Electric service	-	-	-	-
Sanitation service	54,291	60,316	-	6,025
Economic development	-	-	-	-
Financing costs	13,153	-	-	(13,153)
Unallocated depreciation*	53,159	-	-	(53,159)
Total business-type activities	295,104	256,593	-	(5,653)
Total	\$ 496,585	\$ 261,591	\$ 20,840	\$ (181,296)

* - This amount does not include the depreciation that is included in the direct expenses of various programs.

The accompanying notes are an integral part of the basic financial statements.

CITY OF SHIDLER
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 MODIFIED CASH BASIS
 Year Ended June 30, 2023

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Net (expense)/revenue	\$ (175,643)	\$ (5,653)	\$ (181,296)
General revenues:			
Taxes:			
Sales and use taxes	76,036	-	76,036
Franchise taxes	14,097	-	14,097
Intergovernmental	20,384	-	20,384
Interest earnings	2,418	2,406	4,824
Sale of assets	4,200	-	4,200
Miscellaneous	25,327	7,732	33,059
Transfers	(63,094)	63,094	-
Total general revenues and transfers	79,368	73,232	152,600
Change in net position	(96,275)	67,579	(28,696)
Net position - beginning of year	708,517	1,617,256	2,325,773
Net position - end of year	\$ 612,242	\$ 1,684,835	\$ 2,297,077

The accompanying notes are an integral part of the basic financial statements.

CITY OF SHIDLER
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
June 30, 2023

	General Fund (Major)	Special Revenue Funds		Total Governmental Funds
		Grant Fund (non-major)	Street & Alley (non-major)	
Assets:				
Cash and investments:				
Cash & cash equivalents	\$ 337,039	\$ 10,600	\$ 7,785	\$ 355,424
Cash on hand	200	-	-	200
Investments	70,298	-	-	70,298
Due from others	-	-	-	-
Restricted assets:				
Cash, insurance deposit	10,951	-	-	10,951
Total assets	<u>\$ 418,488</u>	<u>\$ 10,600</u>	<u>\$ 7,785</u>	<u>\$ 436,873</u>
Liabilities:				
Due to others	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted for:				
Other purposes	-	10,600	7,785	18,385
Fire	27,000	-	-	27,000
Unassigned	391,488	-	-	391,488
Total fund balances	<u>418,488</u>	<u>10,600</u>	<u>7,785</u>	<u>436,873</u>
Total liabilities and fund balances	<u>\$ 418,488</u>	<u>\$ 10,600</u>	<u>\$ 7,785</u>	<u>\$ 436,873</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF SHIDLER
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF ASSETS, LIABILITIES, AND FUND
BALANCE TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
MODIFIED CASH BASIS
June 30, 2023

Total Fund Balances - Total Governmental Funds	\$ 436,873
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	\$ -	-
Buildings and improvements	97,090	
Equipment	409,826	
Accumulated Depreciation	\$ (331,547)	
Total		175,369

Net position of governmental activities	\$ 612,242
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The accompanying notes are an integral part of the basic financial statements.

CITY OF SHIDLER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
Year Ended June 30, 2023

	General Fund (Major)	Special Revenue Funds		Total Governmental Funds
		Grant Fund (non-major)	Street & Alley (non-major)	
Revenues:				
Sales and use taxes	\$ 76,036	\$ -	\$ -	\$ 76,036
Alcoholic beverage tax	16,991	-	-	16,991
Cigarette tax	442	-	-	442
Gasoline excise tax	-	-	583	583
Commercial vehicle tax	-	-	2,369	2,369
Franchise tax	14,097	-	-	14,097
Grants	14,590	-	-	14,590
Licenses and permits	253	-	-	253
Miscellaneous	25,327	-	-	25,327
Ambulance	4,745	-	-	4,745
Interest	2,407	-	11	2,418
Donations	6,249	-	-	6,249
Sale of assets	4,200	-	-	4,200
Total revenues	<u>165,337</u>	<u>-</u>	<u>2,963</u>	<u>168,300</u>
Expenditures:				
Current:				
General government	114,152	-	-	114,152
Highways and roads	136	-	7,903	8,039
Public safety	51,748	-	-	51,748
Cultural and recreation	-	-	-	-
Capital outlay	25,134	-	-	25,134
Total expenditures	<u>191,170</u>	<u>-</u>	<u>7,903</u>	<u>199,073</u>
Excess of revenues over (under) expenditures	(25,833)	-	(4,940)	(30,773)
Other financing uses:				
Operating transfers in (out)	<u>(63,094)</u>	<u>-</u>	<u>-</u>	<u>(63,094)</u>
Excess of revenues over (under) expenditures & transfers	(88,927)	-	(4,940)	(93,867)
Fund balance - beginning of year	<u>507,415</u>	<u>10,600</u>	<u>12,725</u>	<u>530,740</u>
Fund balance - end of year	<u>\$ 418,488</u>	<u>\$ 10,600</u>	<u>\$ 7,785</u>	<u>\$ 436,873</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF SHIDLER
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE TO THE GOVERNMENT-WIDE STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
MODIFIED CASH BASIS
Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ (93,867)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.</p>	25,134
<p>Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.</p>	<u>(27,542)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (96,275)</u></u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF SHIDLER
STATEMENT OF FUND NET POSITION
MODIFIED CASH BASIS
PROPRIETARY FUNDS
June 30, 2023

Business-type Activities - Enterprise Funds

	Shidler Public Works Authority	Totals
Assets:		
Cash and investments:		
Cash & cash equivalents	\$ 127,533	\$ 127,533
Investments	161,369	161,369
Due from others	-	-
Capital assets:		
Land	344,760	344,760
Depreciable buildings, property, equipment and infrastructure, net of depreciation (Notes 1 & 3)	1,272,320	1,272,320
Total assets	\$ 1,905,982	\$ 1,905,982
Liabilities:		
Current liabilities:		
Payroll taxes payable	\$ 336	\$ 336
Meter deposits	33,762	33,762
Due to other funds	-	-
Notes payable	30,497	30,497
Non-current liabilities:		
Notes payable	156,552	156,552
Total liabilities	221,147	221,147
Net position:		
Net investment in capital assets	1,430,031	1,430,031
Restricted	-	-
Unrestricted	254,804	254,804
Total net position	\$ 1,684,835	\$ 1,684,835

The accompanying notes are an integral part of the basic financial statements.

CITY OF SHIDLER
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
MODIFIED CASH BASIS
PROPRIETARY FUNDS
Year Ended June 30, 2023

Business-type Activities - Enterprise Funds

	Shidler Public Works Authority	Totals
Revenues:		
Water revenue	\$ 134,646	\$ 134,646
Sewer revenue	61,631	61,631
Sanitation revenue	60,316	60,316
Miscellaneous revenue	7,732	7,732
Total revenues	264,325	264,325
Operating expense:		
Water service	149,441	149,441
Sewer service	25,060	25,060
Sanitation service	54,291	54,291
Depreciation	53,159	53,159
Total operating expenses	281,951	281,951
Income before non-operating revenues, expenses & transfers	(17,626)	(17,626)
Non-operating revenues (expenses):		
Interest revenue	2,406	2,406
Grant revenue	32,858	32,858
Interest expense	(13,153)	(13,153)
Total	22,111	22,111
Income (loss) before operating transfers	4,485	4,485
Transfers in (out)	63,094	63,094
Change in net position	67,579	67,579
Net position at beginning of year	1,617,256	1,617,256
Net position at end of year	\$ 1,684,835	\$ 1,684,835

The accompanying notes are an integral part of the basic financial statements.

CITY OF SHIDLER
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
PROPRIETARY FUNDS
Year Ended June 30, 2023

Business-type Activities - Enterprise Funds

	Shidler Public Works Authority	Totals
Cash flows from operating activities:		
Cash received from customers & service users	\$ 264,325	\$ 264,325
Cash payments for goods & services & employees	(228,089)	(228,089)
Other operating revenues	-	-
Net cash provided by operating activities	36,236	36,236
Cash flows from noncapital financing activities:		
Operating transfers out to other funds	-	-
Operating transfers in from other funds	63,094	63,094
Grant revenues	32,858	32,858
Change in meter deposits	4,500	4,500
Change in due to/from accounts	-	-
Net cash provided (used) for noncapital financing activities	100,452	100,452
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(29,361)	(29,361)
Proceeds from new debt	-	-
Principal paid on debt	(28,781)	(28,781)
Interest paid on debt	(13,153)	(13,153)
Net cash provided (used) for capital and related financing activities	(71,295)	(71,295)
Cash flows from investing activities:		
(Purchase) liquidation of investments - restricted	(685)	(685)
Interest on investments	2,406	2,406
Net cash provided by investing activities	1,721	1,721
Net increase (decrease) in cash & cash equivalents	67,114	67,114
Cash and cash equivalents - beginning of year	60,419	60,419
Cash and cash equivalents - end of year	\$ 127,533	\$ 127,533
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ (17,626)	\$ (17,626)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	53,159	53,159
Change in assets and liabilities:		
Increase (decrease) in payroll taxes payable	703	703
Total adjustments	53,862	53,862
Net cash provided by operating activities	\$ 36,236	\$ 36,236

The accompanying notes are an integral part of the basic financial statements.

**CITY OF SHIDLER
Shidler, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Shidler, Oklahoma (the City) accounting policies and financial statement presentation conform to the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles and are recommended by the Government Financial Officers Association (GFOA) small government annual financial report model. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received by not yet paid, and accrued expenses and liabilities, including pension liabilities) are not recorded in these financial statements.

If the City utilized the basis of accounting recognized as generally accepted by GASB, the government-wide financial statements would be presented on the accrual basis of accounting, the governmental funds would utilize the modified accrual basis of accounting, and the proprietary funds would utilize the accrual basis of accounting.

The more significant accounting policies established in the modified cash basis of accounting and used by the City as well as a further description of departures from governmental GAAP are discussed below.

A. Reporting Entity

The City of Shidler, Oklahoma was organized under the statutes of the State of Oklahoma. The City operates under a council form of government and is governed by a nine-member board. The mayor is elected by the community. These financial statements present the activities of the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with the data of the primary government. The City provides the following services as authorized by its charter: general government, public safety (fire and ambulance), streets, public works (water, sewer, and refuse), health and social services, culture, parks and recreation, public improvements, and planning and zoning for the geographical area organized as the City of Shidler, Oklahoma.

Blended Component Units:

The Shidler Public Works Authority (SPWA) was created pursuant to a Trust Indenture to finance, operate, construct and administer any public works, improvements or facilities for the benefit of the City of Shidler, Oklahoma. The public works systems owned by the City have been leased to the Trust. The Trust is a public trust and an agency of the State of Oklahoma under Title 60, Oklahoma Statutes 1991, Section 176, et seq., and is governed by a board consisting of trustees identical with the City Council. The Trust is exempt from State and Federal income taxes. The Trust is reported as an enterprise fund and includes water, sewage and sanitation services.

CITY OF SHIDLER
Shidler, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are normally prepared using the accrual basis of accounting but the City of Shidler's presentation is on a modified cash basis.

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities at year-end on a modified cash basis. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on program revenues are presented as general revenues of the city, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements – During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting – The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds – are used to account for the government's general government activities. The City presents its governmental activities on the modified cash basis of accounting rather than generally accepted accounting principles (GAAP). GAAP requires that governmental fund types would use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under that basis of accounting, revenues would be recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. GAAP provides that all revenues are available if they are collected within 60 days after year-end. For GAAP, expenditures would be recorded when the fund liability is incurred with certain exceptions (general long-term debt and certain compensated absences, claims and judgments). The City records governmental fund expenditures as they are paid rather than when the obligation is incurred.

Sales taxes collected and held by the state at year-end on behalf of the City are susceptible to accrual and are recognized as revenue. Other receipts and taxes (franchise taxes, licenses, etc.) become measurable and available when cash is received by the government and are recognized as revenue at that time.

CITY OF SHIDLER
Shidler, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting (Continued)

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The following are the City's major governmental funds:

General Fund – is the main operating fund of the City. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Other governmental funds of the City that are considered non-major funds include:

Special Revenue Funds - account for specific revenue sources that are legally restricted or committed to expenditures for specific purposes (not including major capital projects). The following are the City's Special Revenue Funds: Grant Fund and Street & Alley. Management has elected to report these funds as major within the financial statements.

Proprietary Funds – Proprietary funds are classified as enterprise funds. For GAAP purposes these funds are generally accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. In the City's modified cash basis financial statements revenues are recorded when received and expenditures are recorded when paid with the exception of payroll taxes withheld, other withholdings, and accrued compensated absences which the City records as a modification to the cash basis of accounting. The accrual amounts are not material to the financial statement presentation.

Enterprise Funds – are used to account for those operations that are financed and operated in a manner similar to private business where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that the determination of revenues earned, costs incurred and/or net income is necessary for capital maintenance, public policy or management accountability. The Shidler Public Works Authority is accounted for as an enterprise fund.

The following are the City's major enterprise funds:

Shidler Public Works Authority – accounts for the operations of providing public works (water, sewage and sanitation) to the City.

Fiduciary Funds – account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement. Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency Funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity. The City does not have an agency fund at this time.

CITY OF SHIDLER
Shidler, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Equity

1. Deposits and Investments

Oklahoma statutes authorize the City to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the City can invest in direct debt securities of the United States unless law expressly prohibits such an investment.

For financial statement presentation and for purposes of the statement of cash flows, the City's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit with a maturity date of three months or less. Debt instruments with a maturity date of more than three months are considered to be investments. Investments are stated at cost.

2. Restricted Cash and Investments

The restricted cash and investments are the result of special revenue funds and jaws of life funds.

3. Fair Value of Financial Instruments

The City's financial instruments include cash and cash equivalents, investments, accounts receivable and accounts payable. The City's estimates of the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements; however, accounts receivable and accounts payable are not reflected in the financial statements due to modified cash basis presentation.

4. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

5. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due from other/due to other funds".

6. Inventories

Inventories in both governmental funds and proprietary funds normally consist of minimal amounts of expendable supplies held for consumption. The costs of such inventories are recorded as expenditures when purchased rather than when consumed.

CITY OF SHIDLER
Shidler, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Equity (Continued)

7. Capital Assets and Infrastructure

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$5,000. The City's infrastructure consists of roads, bridges, curbs and gutter, streets and sidewalks, drainage system, lighting systems and similar assets that are immovable and of value only to the City. Such infrastructure assets acquired after July 1, 2003 are capitalized in accordance with the requirements of GASB 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add value of the asset or materially extend an asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement.

Depreciation is computed on the straight-line method with estimated useful lives as follows:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings & Improvements	40 - 100 years	20 - 40 years
Furniture, Fixtures and Equipment	5 - 40 years	10 - 40 years
Vehicles	5 - 40 years	5 - 40 years
Utility systems		40 years
Transmission and distribution		40 years

8. Compensated Absences

It is the City's policy to permit employees to accumulate vacation time and is normally paid in December. Generally, after six consecutive months of service, employees are entitled to all accrued vacation leave upon termination. As a result of the use of the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the financial statements. Expenditures/expenses related to compensated absences are recorded when paid.

CITY OF SHIDLER
Shidler, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Equity (Continued)

9. Long-term Obligations

The accounting and reporting treatment applied to long-term liabilities associated with a fund are determined by its measurement focus. All governmental fund types are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Therefore, long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

10. Net Position/Fund Balance

In the government-wide financial statement, net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when limitations on its use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws or other governments, or are imposed by law through constitutional provisions or enabling legislation.

In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e., fund balance associated with assets that are *not in spendable form*, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

Amounts in the *spendable* fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.

Committed fund balance represents amount that are useable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment. The City Ordinance is the highest level of decision-making authority of the City.

Unassigned fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

CITY OF SHIDLER
Shidler, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Equity (Continued)

10. Net Position/Fund Balance (Continued)

Assigned fund balance represents amounts that are *intended* to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds *other than the general fund*, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purpose in accordance with the provisions of the standard.

11. Resource Use Policy

It is in the City's policy for all funds that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources, including fund balances, are available, the City considers restricted amounts to be spent first before any unrestricted amounts are used. Furthermore, it is the City's policy that when an expenditure/expense is incurred for purposes for which committed, assigned, or unassigned resources, including fund balances, are available, the City considers committed amounts to be spent first, followed by assigned amounts and lastly unassigned amounts.

2. DETAILED NOTES CONCERNING THE FUNDS

A. Deposits and Investments

Custodial Credit Risk

At June 30, 2023, the City held deposits of approximately \$725,755 at financial institutions. The City's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the City or by its agent in the City's name.

Investment Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

The City has no policy that limits its investment choices other than the limitation of state law as follows:

Section 1.

- 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 is pledged.
- b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state 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.

CITY OF SHIDLER
Shidler, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

A. Deposits and Investments (Continued)

- 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.-d.).

Section 2. Trust authority funds may be invested in mutual funds whose portfolio is invested in tax-exempt securities, governmental securities, and high-grade government bonds.

Section 3. Investments shall be made with judgment and care under the circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of the principal as well as the probable income to be derived.

The investments held at June 30, 2023 are as follows:

Type	Weighted Avg Maturity (Months)	Credit Rating	Market Value	Cost
Investments				
Certificate of deposit	12.00	N/A	231,667	231,667
Total investments			<u>\$ 231,667</u>	<u>\$ 231,667</u>
<u>Reconciliation to Statement of Net Position</u>				
			\$ 70,298	
			161,369	
			<u>\$ 231,667</u>	

Concentration of Investment Credit Risk

The City places no limit on the amount it may invest in any one issuer. The City has the following of credit risk: 100% in Certificates of deposit (\$231,667).

CITY OF SHIDLER
Shidler, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

B. Capital Assets

Primary Government capital asset activity for the year ended is as follows:

	Balance 6/30/22	Additions	Disposals	Balance 6/30/23
Governmental Activities:				
Non-depreciable assets:				
Land	\$ -	\$ -	\$ -	\$ -
Total non-depreciable assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Depreciable assets:				
Buildings	97,090	-	-	97,090
Machinery & Equipment	384,692	25,134	-	409,826
Total depreciable assets	<u>481,782</u>	<u>25,134</u>	<u>-</u>	<u>506,916</u>
Less accumulated depreciation:				
Buildings	(70,473)	(1,404)	-	(71,877)
Machinery & Equipment	(233,532)	(26,138)	-	(259,670)
Total accumulated depreciation	<u>(304,005)</u>	<u>(27,542)</u>	<u>-</u>	<u>(331,547)</u>
Net depreciable assets	<u>177,777</u>	<u>(2,408)</u>	<u>-</u>	<u>175,369</u>
Net governmental activities capital assets	<u>\$ 177,777</u>	<u>\$ (2,408)</u>	<u>\$ -</u>	<u>\$ 175,369</u>
Business-Type Activities:				
Non-depreciable assets:				
Land	\$ 344,760	\$ -	\$ -	\$ 344,760
Construction in progress	-	-	-	-
Total non-depreciable assets	<u>344,760</u>	<u>-</u>	<u>-</u>	<u>344,760</u>
Depreciable assets:				
Water system	1,706,361	29,361	-	1,735,722
Sewer system	371,824	-	-	371,824
Total depreciable assets	<u>2,078,185</u>	<u>29,361</u>	<u>-</u>	<u>2,107,546</u>
Less accumulated depreciation:				
Water system	(699,812)	(42,557)	-	(742,369)
Sewer system	(82,255)	(10,602)	-	(92,857)
Total accumulated depreciation	<u>(782,067)</u>	<u>(53,159)</u>	<u>-</u>	<u>(835,226)</u>
Net depreciable assets	<u>1,296,118</u>	<u>(23,798)</u>	<u>-</u>	<u>1,272,320</u>
Net business-type activities capital assets	<u>\$ 1,640,878</u>	<u>\$ (23,798)</u>	<u>\$ -</u>	<u>\$ 1,617,080</u>

CITY OF SHIDLER
Shidler, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

C. Long-term Debt

Governmental Activities:

As of June 30, 2023, the governmental activities had no long-term debt.

Business-type Activities:

The following is summary of long-term debt of the City's Business-Type activities.

Notes Payable:

- | | |
|---|------------|
| 1) Note Payable to American Heritage Bank, dated July 16, 2019, in the amount of \$307,655 with an interest rate of 4.75%, payable in 120 monthly installments of \$3,226 with a final maturity of February 15, 2029. | \$ 187,049 |
|---|------------|

Total business-type activities long-term debt	\$ 187,049
---	------------

As of June 30, 2023, the annual principal requirements to retire Business-Type activities long-term debt are as follows:

Year Ending June 30,	Principal	Interest
2024	\$ 30,497	\$ 8,211
2025	31,962	6,746
2026	33,514	5,195
2027	35,141	3,568
2028	33,709	4,999
2029	22,226	353
Total	\$ 187,049	\$ 29,072

The changes in Business-Type activities long-term debt are as follows:

	Balance July 1, 2022	Additions	Payments	Balance June 30, 2023	Current Portion
Notes payable	\$ 215,830	\$ -	\$ 28,781	\$ 187,049	\$ 30,497
Total	\$ 215,830	\$ -	\$ 28,781	\$ 187,049	\$ 30,497

CITY OF SHIDLER
Shidler, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

2. DETAILED NOTES CONCERNING THE FUNDS (Continued)

D. Fund Transfers

The following presents a summary of transfers between funds:

Fund	Transfer To	Transfer From	Fund
General	\$ 63,094	\$ -	SPWA
SPWA	-	63,094	General
Total	\$ 63,094	\$ 63,094	

3. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health benefits; unemployment; and natural disasters. The City purchases commercial insurance for protection against loss other than health, life, and workers compensation. Settled claims have not exceeded the commercial coverage during the past three fiscal years.

The City is a member of the Oklahoma Municipal Assurance Group Workers' Compensation Plan (the Plan), an organization formed for the purpose of providing workers' compensation coverage through the State Insurance Fund to participating municipalities in the State of Oklahoma. In that capacity, the Plan is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to it during the Plan year.

As a member of the Plan, the City is required to pay fees set by the Plan according to an established payment schedule. A Loss Fund has been established from the proceeds of these fees for each participant in the Plan. The State Insurance Fund provides coverage in excess of the Loss Fund so the City's liability for claim loss is limited to the balance of that fund. The State Insurance Fund provides coverage in excess of the Loss Fund so the City's liability for claim loss is limited to the balance of that fund. However, failure of the State Insurance Fund to honor its obligations could result in losses to the Plan.

In addition to the Loss Fund, the City maintains two additional funds with the Plan. The Rate Stabilization Reserve (RSR), which can be applied against future premium increases and an Escrow Fund made up of past refunds left on deposit with the Plan. Escrow funds earn interest and are readily available for use by the governing board. In accordance with GASB No. 10, the City reports the required contribution to the pool, net of refunds, as insurance expense. The balances in the RSR Fund and the Escrow Fund were \$0 and \$10,951, respectively.

B. Contingent Liabilities

The City is a defendant in legal actions arising from normal governmental activities. Most of these actions are covered by insurance. Although the outcome of these lawsuits is not presently determinable, management believes that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

CITY OF SHIDLER
Shidler, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

3. OTHER INFORMATION (Continued)

C. Employee Retirement System and Other Benefit Plans

The City participates in one employee pension system as follows:

Oklahoma Firefighters Pension and Retirement Plan--Cost Sharing Multiple Employer - Defined Benefit Plan

Oklahoma Firefighters Pension & Retirement Plan

Plan Description – The City of Shidler, as the employer, participates in the Firefighters Pension & Retirement – a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at www.ok.gov/fprs.

Benefits provided – FPRS provides retirement, disability and death benefits to members of the plan.

Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more service.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per years of service, with a maximum of 30 years of service. For disabilities not-in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with less than 20 years of service, or \$7.53 per year of service, with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

Contributions – The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay or \$60 for volunteer firefighters. Contributions to the pension plan from the City were \$600 (fiscal year contributions).

The required contribution from the City for these plans was \$600, \$600 and \$720 for 2023, 2022 and 2021, respectively. The required contribution was fully contributed. At June 30, 2023 the system held no related-party investments of the City or of its related entities.

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS; which can be located at www.ok.gov/fprs.

CITY OF SHIDLER
Shidler, Oklahoma

OTHER SUPPLEMENTARY INFORMATION
June 30, 2023

CITY OF SHIDLER
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 MODIFIED CASH BASIS
 FOR THE YEAR ENDING JUNE 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing</u>	<u>Program or Award Amount</u>	<u>Revenue Collected</u>	<u>Federal Expend- itures</u>
<u>U.S. Department of Health and Human Services:</u>				
Cares Act	21.027	<u>75,458</u>	<u>37,907</u>	<u>37,907</u>
Total of Expenditures of Federal Awards		\$ <u>75,458</u>	\$ <u>37,907</u>	\$ <u>37,907</u>

Note A - Basis of Presentation - The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only selected portion of the operations of the City, it is not intended and does not present the financial position, changes in net assets, or cash flows of the City.

Note B - Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported using the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF SHIDLER
Shidler, Oklahoma

OTHER INFORMATION
June 30, 2023

CITY OF SHIDLER
SUPPLEMENTAL INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
MODIFIED CASH BASIS
Year Ended June 30, 2023
(Unaudited)
GENERAL FUND

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Sales and use taxes	\$ 138,775	\$ 138,775	\$ 76,036	\$ (62,739)
Alcoholic beverage tax	16,600	16,600	16,991	391
Cigarette tax	500	500	442	(58)
Franchise tax	7,800	7,800	14,097	6,297
Grants	127,720	127,720	14,590	(113,130)
Licenses and permits	210	210	253	43
Miscellaneous	4,370	4,370	25,327	20,957
Ambulance	6,410	6,410	4,745	(1,665)
Interest	400	400	2,407	2,007
Donations	10,370	10,370	6,249	(4,121)
Total revenues	313,155	313,155	165,337	(147,818)
Expenditures:				
General government	84,500	84,500	114,152	(29,652)
Highways and roads	23,475	23,475	136	23,339
Public safety	27,000	27,000	51,748	(24,748)
Cultural and recreation	-	-	-	-
Capital outlay	11,000	11,000	25,134	(14,134)
Total expenditures	145,975	145,975	191,170	(45,195)
Excess of revenue over (under) expenditures	167,180	167,180	(25,833)	(193,013)
Other financing sources (uses):				
Operating transfers in (out)	-	-	(63,094)	(63,094)
Net changes in fund balance	167,180	167,180	(88,927)	(256,107)
Fund balance at beginning of year	507,415	507,415	507,415	-
Fund balance at end of year	\$ 674,595	\$ 674,595	\$ 418,488	\$ (256,107)

The Notes to Required Supplemental Information are an integral part of this statement.

CITY OF SHIDLER
SUPPLEMENTAL INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
MODIFIED CASH BASIS
Year Ended June 30, 2023
(Unaudited)
SPECIAL REVENUE FUNDS

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Gasoline excise tax	\$ 700	\$ 700	\$ 583	\$ (117)
Commercial vehicle tax	2,500	2,500	2,369	(131)
Grants	-	-	-	-
Interest	-	-	11	11
Misc	-	-	-	-
Total revenues	<u>3,200</u>	<u>3,200</u>	<u>2,963</u>	<u>(237)</u>
Expenditures:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Cultural and recreation	-	-	-	-
Streets	26,525	26,525	7,903	18,622
Capital outlay	-	-	-	-
Total expenditures	<u>26,525</u>	<u>26,525</u>	<u>7,903</u>	<u>18,622</u>
Excess of revenue over (under) expenditures	(23,325)	(23,325)	(4,940)	18,385
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Net changes in fund balance	(23,325)	(23,325)	(4,940)	18,385
Fund balance at beginning of year	<u>23,325</u>	<u>23,325</u>	<u>23,325</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,385</u>	<u>\$ 18,385</u>

The Notes to Required Supplemental Information are an integral part of this statement.

**CITY OF SHIDLER
Shidler, Oklahoma**

**NOTES TO OTHER INFORMATION
For the Year Ended June 30, 2023
(Unaudited)**

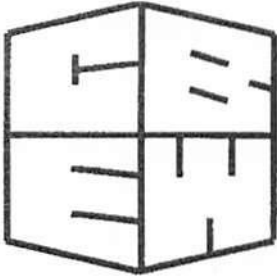
BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with the modified cash basis of accounting for all governmental funds. The enterprise funds and internal service fund adopt budgets on the non-GAAP basis wherein service fees, bond and note proceeds are recognized as revenue, principal payments on debt and capital expenditures are recognized as expenses, and depreciation expense is not budgeted. Annual appropriated budgets are not adopted for the agency funds. Budgetary data for enterprise funds, internal service, and permanent funds are not presented in these financial statements.

Prior to July 1, the City Clerk (not an elected official) submits a proposed operating budget for the fiscal year commencing July 1, to the Council (elected officials). Public hearings are held at regular or special meetings to obtain taxpayer input. Prior to July 1, the budget is legally enacted through passage of a budget resolution. The operating budget, for all budgeted funds, includes proposed expenditures and the means of financing. Each fund's appropriated budget is prepared on a detailed line-item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personal services, maintenance and operations, capital outlay, transfers, and debt service. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. A more detailed budget is used for operating purposes. All budget revisions at the legal level are subject to final approval by the City Council. Within these control levels, management may transfer appropriations without council approval. Revisions to the budget were made during the year in accordance with the provisions of the Oklahoma Statutes. All annual appropriations lapse at year-end.

CITY OF SHIDLER
Shidler, Oklahoma

REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*
June 30, 2023



CBEW Professional Group, LLP

Certified Public Accountants

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Charles E. Crooks, Jr., CPA – Trisha J. Rieman, CPA – Gabrielle Conchola, CPA

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

October 18, 2023

Honorable Board of City Commissioners
City of Shidler
Shidler, 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 modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Shidler, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Shidler, Oklahoma's basic financial statements, and have issued our report thereon dated October 18, 2023.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-001 to be material weaknesses.

Compliance and Other Matters

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

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

CBEW Professional Group, LLP

CBEW Professional Group, LLP
Certified Public Accountants

**CITY OF SHIDLER
Shidler, Oklahoma**

**SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2023**

2023-001. Internal Control – Segregation of Duties

Criteria: The segregation of duties and responsibilities between different individuals for custody of assets, recordkeeping for those assets and reconciliation of those asset accounts is an important control activity needed to adequately protect the city's assets and ensure accurate financial reporting.

Condition: Presently the same individual is responsible for issuing purchase orders, writing checks, making deposits, posting transactions and reconciles the monthly bank statements. This finding was also noted in 2022.

Cause: The City's limited size and staffing resources have made it difficult for management to provide sufficient staffing to fully segregate incompatible duties in a cost-effective manner.

Effect or Potential Effect: Without sufficient segregation of duties, the risk significantly increases that errors and fraud related to purchasing and depositing activities, including misappropriation of assets, could occur and not be detected within a timely basis.

Recommendation: We recommend that management should consider a formal evaluation of their risks associated with these procedures. In response to the identified risks, consideration should be given to identifying and implementing controls that could help mitigate the risks associated with lack of segregation of duties, such as providing increased management oversight and an independent reconciliation of accounts. For example, the entity might consider soliciting the assistance of independent volunteer labor to perform certain functions including performing compensating procedures where applicable.

Responsible Official's Response: The City concurs with the recommendation, although, the cost to correct this condition might exceed the benefit, the City has made certain changes in procedures that will improve the overall lack of segregation of duties and has implemented compensating procedures as appropriate.

