



ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

THE CITY OF CRESCENT, OKLAHOMA

**ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORTS**

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

CITY OF CRESCENT, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Crescent, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crescent, Oklahoma ("City"), as of and for the year ended June 30, 2002, 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 financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2002, 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 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 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and post-employment benefit plan information on pages 7-13 and 47-52 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual 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 29, 2022, 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 the 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.

Elfrink and Associates, PLLC

Elfrink and Associates, PLLC
Tulsa, Oklahoma
November 29, 2022

CITY OF CRESCENT, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

As Management of the City of Crescent, we offer readers this narrative overview and analysis of the financial activities of the City of Crescent for the fiscal year ended June 30, 2022. We encourage readers to use this information in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total net position decreased by \$188,170 and the assets and deferred outflows of the City exceeded its liabilities and deferred inflows at June 30, 2022, by \$11.3 million (net position). Of this amount, \$913,309 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- At June 30, 2022, the City's governmental funds reported combined ending fund balances of \$4.3 million. Of that amount \$573,457 is available for spending at the government's discretion (unassigned fund balance) of the General Fund. The Crescent Public Works Authority (CPWA) enterprise fund reported an ending net position of \$5.7 million of which \$254,675 is available for spending at the government's discretion (unrestricted net position).
- At the end of fiscal year 2022, unassigned fund balance for the General Fund was 60% of General Fund total revenues. The unrestricted net position of the CPWA was 29% of total CPWA revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Crescent (the "City") and the Crescent Public Work Authority (the "Authority"). Included in this report are government-wide statements for each of two categories of activities – governmental and business-type.

The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately and combined. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. These statements include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt), along with any inflows and outflows considered deferred.

Reporting the City as a Whole - Statements of Net Position and Activities

This discussion and analysis is intended to serve as an introduction to the City of Crescent's basic financial statements. One of the most frequently asked questions about the City's finances is, "Has the City's overall financial condition improved, declined or remained steady over the past year?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

(Unaudited. See accompanying auditor's report.)

CITY OF CRESCENT, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

These two statements report the City's net position and changes in net position from the prior year. You can think of the City's net position – the difference between assets and deferred outflows less liabilities and deferred inflows– as one way to measure the City's financial condition, or position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving, deteriorating, or remaining steady. However, you must consider other non-financial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health of the City.

The Statement of Net Position and the Statement of Activities are divided into two types of activities:

- **Governmental activities** -- Most of the City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state grants finance most of these activities.
- **Business-type activities** – Activities where the City charges a fee to customers to help cover all or most of the cost of certain services it provides are reported here. The City's water, sewer, and sanitation utilities are reported as business-type activities.

Reporting the City's Most Significant Funds - Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. The City of Crescent, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required to be established by State law. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the City of Crescent can be divided into two categories: governmental funds and proprietary funds.

Governmental funds -- Most of the City's basic services are reported in governmental funds, which focus on near-term inflows and outflows of spendable resources, as well as spendable resources available at the end of the fiscal year. These funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation following the Governmental Fund financial statements.

Proprietary funds -- When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Enterprise funds are one type of proprietary fund and are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer and sanitation services. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

(Unaudited. See accompanying auditor's report.)

CITY OF CRESCENT, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

Notes to the Financial Statements

The notes provide additional information that is essential to gain understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 25-45 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents a Budgetary Comparison Schedule for the General Fund, Schedules of Share of Net Pension Liability for Firefighter's Pension and Police Pension, Schedules of City Contributions for Police and Firefighter's Retirement Systems, combining and individual financial statements and schedules, and a schedule of federal and state awards.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the primary government, assets and deferred outflows exceeded liabilities and deferred inflows by \$11.3 million at the close of the most recent fiscal year.

	<u>Governmental Activities</u>		<u>% Inc. (Dec.)</u>	<u>Business-Type Activities</u>		<u>% Inc. (Dec.)</u>	<u>Total</u>		<u>% Inc. (Dec.)</u>
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
Current and other assets	\$ 4,643	\$ 4,295	8%	\$ 637	\$ 527	21%	\$ 5,280	\$ 4,822	9%
Capital assets, net	1,404	1,504	-7%	8,501	8,862	-4%	9,905	10,366	-4%
Total assets	<u>6,047</u>	<u>5,799</u>	4%	<u>9,138</u>	<u>9,389</u>	-3%	<u>15,185</u>	<u>15,188</u>	0%
Deferred outflows of resources	<u>32</u>	<u>104</u>	-69%	<u>459</u>	<u>476</u>	-4%	<u>491</u>	<u>580</u>	-15%
Long-term liabilities	78	130	-40%	3,899	4,007	-3%	3,977	4,137	-4%
Other liabilities	164	29	466%	23	29	-21%	187	58	222%
Total liabilities	<u>242</u>	<u>159</u>	52%	<u>3,922</u>	<u>4,036</u>	-3%	<u>4,164</u>	<u>4,195</u>	-1%
Deferred inflows of resources	<u>164</u>	<u>37</u>	343%	<u>-</u>	<u>-</u>	0%	<u>164</u>	<u>37</u>	343%
Net position									
Net investment in capital assets	1,383	1,504	-8%	5,194	5,443	-5%	6,577	6,947	-5%
Restricted	3,632	3,661	-1%	226	184	23%	3,858	3,845	0%
Unrestricted	658	542	21%	255	202	26%	913	744	23%
Total net position	<u>\$ 5,673</u>	<u>\$ 5,707</u>	-1%	<u>\$ 5,675</u>	<u>\$ 5,829</u>	-3%	<u>\$ 11,348</u>	<u>\$ 11,536</u>	-2%

The largest portion of the City's net position reflects its investment in capital assets, less any related debt used to acquire those assets that are still outstanding. This year the net investment in capital assets amounted to \$6.6 million.

A portion of the City's net position, \$3.9 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$913,309, may be used to meet the government's ongoing obligations to citizens and creditors.

(Unaudited. See accompanying auditor's report.)

CITY OF CRESCENT, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

Changes in Net Position

For the year ended June 30, 2022, net position of the primary government changed as follows:

	<u>Governmental Activities</u>		<u>% Inc. (Dec.)</u>	<u>Business-Type Activities</u>		<u>% Inc. (Dec.)</u>	<u>Total</u>		<u>% Inc. (Dec.)</u>
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
Revenues									
Charges for service	\$ 301	\$ 228	32%	\$ 386	\$ 389	-1%	\$ 687	\$ 617	11%
Operating grants and contributions	49	207	-76%	-	30	-100%	49	237	-79%
Capital grants and contributions	-	28	-100%	31	19	63%	31	47	-34%
Taxes	598	553	8%	-	-	-	598	553	8%
Intergovernmental revenue	27	29	-7%	-	-	-	27	29	-7%
Investment income	4	27	-85%	1	1	0%	5	28	-82%
Miscellaneous	21	26	-19%	8	106	-92%	29	132	-78%
Total revenues	<u>1,000</u>	<u>1,098</u>	-9%	<u>426</u>	<u>545</u>	-22%	<u>1,426</u>	<u>1,643</u>	-13%
Expenses									
General government	439	395	11%	-	-	-	439	395	11%
Public safety	448	565	-21%	-	-	-	448	565	-21%
Highways and streets	69	77	-10%	-	-	-	69	77	-10%
Culture and recreation	78	63	24%	-	-	-	78	63	24%
Water	-	-	-	396	411	-4%	396	411	-4%
Wastewater	-	-	-	21	44	-52%	21	44	-52%
Sanitation	-	-	-	127	123	3%	127	123	3%
Ambulance	-	-	-	36	36	0%	36	36	0%
Total expenses	<u>1,034</u>	<u>1,100</u>	-6%	<u>580</u>	<u>614</u>	-6%	<u>1,614</u>	<u>1,714</u>	-6%
Excess (deficiency) before transfers	(34)	(2)	1600%	(154)	(69)	123%	(188)	(71)	165%
Transfers	-	-	-	-	-	-	-	-	-
Change in net position	<u>(34)</u>	<u>(2)</u>	1600%	<u>(154)</u>	<u>(69)</u>	123%	<u>(188)</u>	<u>(71)</u>	165%
Beginning net position	<u>5,707</u>	<u>5,709</u>	0%	<u>5,829</u>	<u>5,898</u>	-1%	<u>11,536</u>	<u>11,607</u>	-1%
Ending net position	<u>\$ 5,673</u>	<u>\$ 5,707</u>	-1%	<u>\$ 5,675</u>	<u>\$ 5,829</u>	-3%	<u>\$ 11,348</u>	<u>\$ 11,536</u>	-2%

Overall, the City's net position decreased slightly by 2%. However, governmental activities reported a \$34,117 decrease, or .59%, while the business-type activities had a \$154,053 decrease, or 2.6%.

Operating grants and contributions in the governmental activities decreased by approximately \$158,000 (or 76%) in the current year due mainly to CARES Act grants received in the prior year in the amount of \$120,322. Capital grants and contributions decreased in the current year by approximately \$28,000 (or 100%), due mainly to a \$18,525 library paving grant received in the prior year, and donations of \$9,081 received in the prior year.

In the business-type activities, operating grants and contributions decreased approximately \$30,000 (or 100%) due to CARES Act grants received in the prior year of \$29,510. Capital grants and contributions increased approximately \$12,000 (or 63%) due to a FEMA grant increasing this year in the amount of \$16,791 and also a Department of Homeland Security grant in the amount of \$14,409.

(Unaudited. See accompanying auditor's report.)

CITY OF CRESCENT, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

TABLE 3
Net Revenue (Expense) of Governmental Activities
(In Thousands)

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
General government	\$ 439	\$ 395	11%	\$ (432)	\$ (385)	12%
Public safety	448	565	-21%	(125)	(161)	-22%
Highways and streets	69	77	-10%	(56)	(63)	-11%
Culture and recreation	78	63	24%	(71)	(28)	154%
Total	<u>1,034</u>	<u>1,100</u>	-6%	<u>\$ (684)</u>	<u>\$ (637)</u>	7%

Business-type Activities

TABLE 4
Net Revenue (Expense) of Business-Type Activities
(In Thousands)

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
Water	\$ 396	\$ 411	4%	\$ (215)	\$ (209)	-3%
Sewer	21	44	52%	99	75	-32%
Sanitation	127	123	-3%	(50)	(46)	-9%
Ambulance	36	36	0%	3	4	25%
Total	<u>\$ 580</u>	<u>\$ 614</u>	-6%	<u>\$ (163)</u>	<u>\$ (176)</u>	-7%

The above table shows that the sewer and ambulance activities had sufficient revenues to cover their costs while the water and sanitation activity reported more expenses than revenue and did not cover its costs of operations.

(Unaudited. See accompanying auditor's report.)

CITY OF CRESCENT, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2022 fiscal year, the governmental funds reported a combined fund balance of \$4.3 million, a .37% increase from the prior year. The enterprise fund reported net position of \$5.7 million, a 2.64% decrease from the prior year.

Other fund highlights include:

- For the year ended June 30, 2022, the General Fund's total fund balance increased by \$27,276 or .65%.
- The Crescent Public Works Authority reported a decrease in total net position, after transfers, of \$154,053, or 2.64%, for the year.

General Fund Budgetary Highlights

For the year ended June 30, 2022 the General Fund reported actual revenues and transfers in under final estimates by \$5,220 a .58% negative variance. General fund actual expenditures and transfers out were under final appropriations by \$38,758 a 4.2% positive variance.

CAPITAL ASSETS & DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2022, the City had approximately \$9.9 million invested in capital assets including land, buildings, machinery and equipment, park facilities, water, and sewer systems, roads and bridges. This represents a net decrease of \$460,570 from last year.

TABLE 5
Primary Government Capital Assets
(In Thousands)
(Net of accumulated depreciation)

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 75	\$ 72	\$ 380	\$ 380	\$ 455	\$ 452
Buildings and Improvements	385	414	49	51	434	465
Machinery, furniture and equipment	449	468	604	681	1,053	1,149
Infrastructure	495	550	7,465	7,750	7,960	8,300
Construction in progress			4	-	4	-
Totals	<u>\$ 1,404</u>	<u>\$ 1,504</u>	<u>\$ 8,502</u>	<u>\$ 8,862</u>	<u>\$ 9,906</u>	<u>\$ 10,366</u>

Significant capital asset additions include:

- 2021 Dodge Charger police vehicle \$ 21,386
- Submersible sewage pump 10,125
- Used 2011 Dynapac asphalt roller 19,500

(Unaudited. See accompanying auditor's report.)

CITY OF CRESCENT, OKLAHOMA
Management’s Discussion and Analysis
As of and for the Year Ended June 30, 2022

Long-Term Debt

At year-end, the City had \$3,333,578 in long-term debt outstanding, which represents a \$85,237 decrease from the prior year. For more details on the long-term debt, see Note 5.

TABLE 6
Primary Government Long-Term Debt
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Notes payable	\$ 26	\$ -	\$ 3,308	\$ 3,419	\$ 3,334	\$ 3,419
Totals	\$ 26	\$ -	\$ 3,308	\$ 3,419	\$ 3,334	\$ 3,419

The Upcoming Year

In the wake of the COVID-19 pandemic, we are seeing unprecedented grant funding opportunities as the Federal Government has made an unbelievable number of resources available to state and local governments. Crescent is applying for more than one million dollars of grant funds to fuel infrastructure projects. If successful in these grant applications, we are aware that supply chain issues may prolong these projects, so we are working with engineers and product suppliers to ensure we plan projects that will have material and labor resources necessary to complete. Another factor that we expect to have an impact on our community, is the increased demand for petroleum and green energy resources which is already beginning to have a positive effect on our local economy. Finally, due to geopolitical effects of reduced globalization efforts, we expect new opportunities in the manufacturing sector will begin to occur. We are looking for strategic partners willing to bring small manufacturing operations to our area.

Contacting the City’s Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City’s finances and to show the City’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk’s Office at 205 N Grand, Crescent, Oklahoma 73028 or phone at (405) 969-2538.

(Unaudited. See accompanying auditor’s report.)

**CITY OF CRESCENT, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF CRESCENT, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Statement of Net Position– June 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 628,674	\$ 269,049	\$ 897,723
Restricted cash and equivalents	1,771,818	238,890	2,010,708
Restricted investments	-	46,000	46,000
Receivables:			
Accounts receivable, net of allowance	470	74,145	74,615
Due from other governments	142,562	-	142,562
Court fine receivable, net	71,776	-	71,776
Other assets	3,814	2,697	6,511
Noncurrent restricted cash and cash equivalents	-	6,303	6,303
Noncurrent restricted investments	1,850,000	-	1,850,000
Net pension asset	174,332	-	174,332
Capital Assets:			
Land, improvements and construction in progress	74,753	384,416	459,169
Other Capital Assets, net of depreciation	1,329,024	8,117,102	9,446,126
Total assets	<u>6,047,223</u>	<u>9,138,602</u>	<u>15,185,825</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred amounts related to pensions	31,687	-	31,687
Deferred amounts related to ARO	-	459,000	459,000
Total deferred outflow of resources	<u>31,687</u>	<u>459,000</u>	<u>490,687</u>
LIABILITIES			
Accounts payable and accrued expenses	28,394	21,965	50,359
Accrued interest	-	1,524	1,524
Unearned Revenue	136,318	-	136,318
Long-term liabilities:			
Due within one year	19,768	122,800	142,568
Due in more than one year	41,672	3,266,404	3,308,076
Net pension liability	15,639	-	15,639
Asset retirement obligation	-	510,000	510,000
Total liabilities	<u>241,791</u>	<u>3,922,693</u>	<u>4,164,484</u>
DEFERRED INFLOW OF RESOURCES			
Deferred amounts related to pensions	<u>163,923</u>	-	<u>163,923</u>
NET POSITION			
Net investment in capital assets	1,382,391	5,193,640	6,576,031
Restricted for:			
Permanent - trust corpus	3,595,909	-	3,595,909
Debt service	-	70,799	70,799
Other	36,263	155,794	192,057
Unrestricted	658,634	254,675	913,309
Total net position	<u>\$ 5,673,197</u>	<u>\$ 5,674,908</u>	<u>\$ 11,348,105</u>

See accompanying notes to the financial statements.

CITY OF CRESCENT, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Statement of Activities – For the Year Ended June 30, 2022

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	Business-type Activities	Total
Primary government							
Governmental activities							
General Government	\$ 438,809	\$ 6,504	\$ -	\$ -	\$ (432,305)	\$ -	\$ (432,305)
Public Safety	448,274	289,995	33,517	-	(124,762)	-	(124,762)
Highways and Streets	68,506	-	11,750	-	(56,756)	-	(56,756)
Culture and Recreation	78,559	4,451	3,310	-	(70,798)	-	(70,798)
Total governmental activities	<u>1,034,148</u>	<u>300,950</u>	<u>48,577</u>	<u>-</u>	<u>(684,621)</u>	<u>-</u>	<u>(684,621)</u>
Business-type activities:							
Water	603,830	356,904	-	31,200	-	(215,726)	(215,726)
Sewer	181,054	274,484	-	-	-	93,430	93,430
Sanitation	234,186	183,406	-	-	-	(50,780)	(50,780)
Ambulance	36,167	39,815	-	-	-	3,648	3,648
Total business-type activities	<u>1,055,237</u>	<u>854,609</u>	<u>-</u>	<u>31,200</u>	<u>-</u>	<u>(169,428)</u>	<u>(169,428)</u>
Total primary government	<u>\$ 2,089,385</u>	<u>\$ 1,155,559</u>	<u>\$ 48,577</u>	<u>\$ 31,200</u>	<u>\$ (684,621)</u>	<u>\$ (169,428)</u>	<u>\$ (854,049)</u>
General revenues:							
Taxes:							
Sales and use taxes					\$ 551,054	\$ -	\$ 551,054
Franchise taxes					47,127	-	47,127
Intergovernmental, unrestricted					27,184	-	27,184
Unrestricted investment earnings					4,292	518	4,810
Miscellaneous					20,847	14,857	35,704
Total general revenues					<u>650,504</u>	<u>15,375</u>	<u>665,879</u>
Change in net position					(34,117)	(154,053)	(188,170)
Net position - beginning					5,707,314	5,828,961	11,536,275
Net position - ending					<u>\$ 5,673,197</u>	<u>\$ 5,674,908</u>	<u>\$ 11,348,105</u>

See accompanying notes to the financial statements.

**CITY OF CRESCENT, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF CRESCENT, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Governmental Funds Balance Sheet – June 30, 2022

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,359,025	\$ 41,467	\$ 2,400,492
Investments	1,850,000	-	1,850,000
Court fines receivable	71,776	-	71,776
Due from other governments	140,454	1,463	141,917
Other receivables	1,115	-	1,115
Prepaid expenses	3,814	-	3,814
Total assets	4,426,184	42,930	4,469,114
 LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
Liabilities:			
Accounts payable	18,839	1,805	20,644
Unearned revenue	136,318	-	136,318
Other payables	7,750	-	7,750
Total liabilities	162,907	1,805	164,712
Deferred inflows:			
Unavailable revenue	53,232	-	53,232
Fund balances:			
Nonspendable	3,595,908	-	3,595,908
Restricted	4,521	17,352	21,873
Assigned	36,159	23,773	59,932
Unassigned	573,457	-	573,457
Total fund balances	4,210,045	41,125	4,251,170
Total liabilities, deferred inflows, and fund balances	\$ 4,426,184	\$ 42,930	\$ 4,469,114

See accompanying notes to the financial statements

CITY OF CRESCENT, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2022

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 598,181	\$ -	\$ 598,181
Fines and forfeitures	261,958	-	261,958
Licenses and permits	6,498	-	6,498
Intergovernmental	55,588	11,750	67,338
Charges for services	4,457	5,900	10,357
Investment earnings	4,292	-	4,292
Miscellaneous	21,301	-	21,301
Total revenues	<u>952,275</u>	<u>17,650</u>	<u>969,925</u>
EXPENDITURES			
Current:			
General government	395,967	-	395,967
Police	334,592	-	334,592
Municipal court	52,979	-	52,979
Community Center	8,839	-	8,839
Fire	52,843	-	52,843
Library	33,019	-	33,019
Street	-	9,196	9,196
Parks	11,856	-	11,856
Debt Service:			
Principal	988	-	988
Interest and other charges	188	-	188
Capital Outlay	60,416	19,826	80,242
Total Expenditures	<u>951,687</u>	<u>29,022</u>	<u>980,709</u>
Revenues over (under) expenditures	<u>588</u>	<u>(11,372)</u>	<u>(10,784)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term debt	26,688	-	26,688
Total other financing sources and uses	<u>26,688</u>	<u>-</u>	<u>26,688</u>
Net change in fund balances	27,276	(11,372)	15,904
Fund balances - beginning	4,182,769	52,497	4,235,266
Fund balances - ending	<u>\$ 4,210,045</u>	<u>\$ 41,125</u>	<u>\$ 4,251,170</u>

See accompanying notes to the financial statements

**CITY OF CRESCENT, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

Reconciliation of Governmental Fund and Government-Wide Financial Statements:

Fund Balance – Net Position Reconciliation:

Total fund balance, governmental funds	\$	4,251,170
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, net of accumulated depreciation of \$3,148,952		1,403,777
Certain long-term assets are not available to pay for current fund liabilities and therefore, are deferred or not reported in the funds:		
Unavailable revenues		53,232
Certain long-term liabilities are not due and payable from current financial resources and therefore they, along with deferred inflows, are not reported in the funds:		
Notes payable		(25,700)
Accrued compensated absences		(35,740)
Net pension liability and deferrals		26,458
		26,458
Net Position of Governmental Activities in the Statement of Net Position	\$	5,673,197

Changes in Fund Balances – Changes in Net Position Reconciliation:

Net change in fund balances - total governmental funds:	\$	15,904
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets		
Capital asset purchases capitalized		52,912
Depreciation expense		(152,932)
		(100,020)
In the Statement of Activities, the net cost of pension benefits earned is calculated and is reported as pension expense. The fund financial statements report pension contributions as pension expenditures. This amount represents the difference between pension contributions and calculated pension expense.		52,452
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Change in unavailable revenue		22,137
Some revenues and expenses reported in the Statement of Activities do not require the acquisition or use of current financial resources and therefore, are not reported as revenues or expenditures in governmental funds:		
Principal paid on note payable		988
Proceeds of long-term debt		(26,688)
Change in accrued compensated absences		1,110
		(24,590)
Change in net position of governmental activities	\$	(34,117)

See accompanying notes to the financial statements

CITY OF CRESCENT, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUND

CITY OF CRESCENT, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Proprietary Fund Statement of Net Position – June 30, 2022

	<u>Crescent Public Works Authority</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 269,049
Restricted cash and cash equivalents	238,890
Accounts receivable, net	74,145
Prepaid Expenses	2,697
Total current assets	584,781
Noncurrent assets:	
Restricted cash and cash equivalents	6,303
Restricted investments	46,000
Capital assets:	
Land and improvements	384,416
Infrastructure	8,117,102
Total non-current assets	8,553,821
Total assets	9,138,602
 DEFERRED OUTFLOW OF RESOURCES	
Deferred amounts related to asset retirement obligation	459,000
 LIABILITIES	
Current liabilities:	
Accounts payable	21,965
Accrued interest payable	1,524
Due to depositors	12,297
Compensated absences	8,028
Notes payable	102,475
Total current liabilities	146,289
Noncurrent liabilities:	
Due to depositors	52,303
Compensated absences	8,698
Notes payable	3,205,403
Asset Retirement Obligation	510,000
Total non-current liabilities	3,776,404
Total liabilities	3,922,693
 NET POSITION	
Net investment in capital assets	5,193,640
Restricted for debt service	70,799
Restricted for capital projects	155,794
Unrestricted	254,675
Total net position	\$ 5,674,908

See accompanying notes to the financial statements

CITY OF CRESCENT, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Proprietary Fund Statement of Revenues, Expenses and Changes in Net Position – Year Ended June 30, 2022

	<u>Crescent Public Works Authority</u>
REVENUES	
Charges for services:	
Water charges	\$ 347,371
Sewer charges	267,152
Sanitation charges	178,507
Penalties	21,764
Ambulance fees	39,815
Miscellaneous	14,857
Total operating revenues	869,466
 OPERATING EXPENSES	
Administration	96,826
Sanitation	127,279
Water/wastewater	351,670
Ambulance	36,167
Depreciation	378,114
Total operating expenses	990,056
Operating income (loss)	(120,590)
 NON-OPERATING REVENUES	
Interest and investment revenue	518
Interest expense	(65,181)
Total non-operating revenue (expense)	(64,663)
Income (loss) before capital contributions	(185,253)
Capital contributions from governmental activities	31,200
Change in net position	(154,053)
Total net position - beginning	5,828,961
Total net position - ending	\$ 5,674,908

See accompanying notes to the financial statements

CITY OF CRESCENT, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Proprietary Fund Statement of Cash Flows – Year Ended June 30, 2022

	Crescent Public Works Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 883,389
Payments to suppliers	(322,281)
Payments to employees	(275,507)
Receipt of customer deposits	12,827
Customer meter deposits refunded or applied	(11,436)
Net Cash Provided by Operating Activities	<u>286,992</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(17,564)
Receipt of capital grant	31,200
Principal paid on capital debt	(110,937)
Interest and fiscal charges paid on capital debt	(65,519)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(162,820)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	518
Net Cash Provided by Investing Activities	<u>518</u>
Net Increase in Cash and Cash Equivalents	124,690
Balances - beginning of the year	<u>389,552</u>
Balances - end of the year	<u>\$ 514,242</u>
Reconciliation to Statement of Net Position:	
Cash and cash equivalents	\$ 269,049
Current restricted cash and cash equivalents	238,890
Noncurrent restricted cash and cash equivalents	6,303
Total cash and cash equivalents	<u>\$ 514,242</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ (120,590)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation expense	378,114
Change in assets and liabilities:	
Receivables	13,923
Prepaid items	950
Deferred outflows - Asset retirement obligation	17,000
Accounts payable and accrued liabilities	(4,940)
Meter deposit liability	1,391
Accrued compensated absences	1,144
Net Cash Provided by Operating Activities	<u>\$ 286,992</u>

See accompanying notes to the financial statements

CITY OF CRESCENT, OKLAHOMA
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FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements:

1. Financial Reporting Entity

The City's financial reporting entity includes the primary government (City of Crescent) and blended component units as noted below. This annual report includes all activities for which the City of Crescent City Council is fiscally responsible.

The City of Crescent – that operates the public safety, health and welfare, streets and highways, parks and recreation and administrative activities.

The City is a Council/Manager form of government and operates under a charter that provides for three branches of government.

- Legislative – the City Council is a five-member governing body with the mayor elected by the council and five council members elected by each ward.
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council.
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council.

The City provides typical municipal services such as a public safety, health and welfare, street and alley maintenance, parks and recreation.

Blended Component Units:

Crescent Public Works Authority (CPWA) – public trust created under 60 O.S. 162 with City as beneficiary that operates the water, sewer and sanitation services of the City. The component unit (Authority) has the City Council as their governing body (trustees) and the City is able to impose its will on the Authority through required approval of all debt obligations issued by these entities. The Authority is reported as a blended component unit.

Crescent Economic Development Authority - Created March 31, 1981, to stimulate economic growth and development, to promote, stimulate, encourage and finance the growth and development of the agricultural, commerce, and industry of the City of Crescent. The City council appoints the trustees with one current member of the City council serving as a trustee. Any issuances of debt would require a two-thirds approval of the City Council. The City of Crescent is the beneficiary of the trust. The CEDA is currently inactive.

2. Basis of Presentation and Accounting

Government-Wide Financial Statements:

The statement of net position and activities are reported on the accrual basis of accounting and economic resource focus. Under the economic resource focus, all assets and liabilities, including current and non-current are reported along with any inflows and outflows that are deferred. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred or economic asset used.

Program revenues within the statement of activities that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

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- General Government: Licenses and permits, and
- Public Safety: Fine revenue, animal fees, fire runs, on-behalf pension payments and rural fire operating grant
- Highways and Streets: Commercial vehicle and gasoline excise tax shared by the State
- Code Enforcement: permits and licenses
- Culture and Recreation: Pool fees, community center rentals, library donations, and library state operating grant

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

Governmental Funds:

The City's governmental funds include:

Major Funds:

General Fund – accounts for all activities not accounted for in other special-purpose funds; included within the General Fund for reporting purposes are the following accounts:

- Electric sale trust account – accounts for funds permanently restricted that can only be spent upon approval by a vote of the citizens; 75% of the investment income is transferred to the General Fund as allowed by an election.
- CLEET account – accounts for a portion of fines collected pursuant to state law and remitted to the state
- Police equipment account - accounts for funds assigned for police equipment.
- General Fund Reserve – set up to help create a cushion
- Insurance reimbursement – accounts for insurance reimbursement activity
- ARPA fund – accounts for ARPA grant activity

Nonmajor Funds:

Special Revenue Fund:

- Street and Alley Fund – accounts for revenues from gasoline and vehicle taxes restricted for street repairs and maintenance

Capital Project Fund:

- Fire Department Capital Improvement Fund – Accounts for contributions and specific revenues and transfers from other city funds and expenditures for various capital projects, and the fees from fire runs.
- Hunt Basketball Court Fund – accounts for donations and expenditures to create a basketball court
- REAP Grant-Library/Fire Station Paving – accounts for grant received for paving at the library and fire station
- REAP Grant-Community Center – accounts for grant received for repairs to the Community Center's roof

The governmental funds are reported on a modified accrual basis of accounting and current financial resources measurement focus. Revenues are recorded on the modified accrual basis when earned and

CITY OF CRESCENT, OKLAHOMA
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collected within 60 days of period end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

The reconciliation of the governmental funds financial statements to the governmental activities presentation in the government-wide financial statements is the result of the use of the economic resources measurement focus and accrual basis of accounting at the government-wide level.

Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Firefighters Pension & Retirement System (OFPRS) and Oklahoma Police Pension & Retirement System (OPPRS) and additions to/deductions from OFPRS's and OPPRS's fiduciary net position have been determined on the same basis as they are reported by OFPRS and OPPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Proprietary Fund:

The City's proprietary fund includes:

Major Enterprise Fund:

- Crescent Public Works Authority – accounts for the operation of the water, sewer, and sanitation activities.

The proprietary fund is reported on the accrual basis of accounting and economic resources measurement focus. For purposes of the statement of revenues, expenses and changes in fund net position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

3. Cash, Cash Equivalents, and Investments

For the purposes of the statements of net position, balance sheets, and statement of cash flows, cash and cash equivalents includes all demand and savings accounts, certificates of deposit, and short-term investments with an original maturity of three months or less.

At June 30, 2022, the reporting entity held the following deposits and investments:

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<u>Type</u>	<u>Maturity</u>	<u>Rating</u>	<u>Fair Value Hierarchy</u>	<u>Carrying Value</u>
Deposits:				
Demand deposits				2,914,734
Time deposits	1 year or less		N/A	1,646,000
Investments:				
U.S. Obligations		AAA-mf	Level 1	250,000
Total deposits				<u>\$ 4,810,734</u>
Reconciliation to Statement of Net Position:				
Cash and cash equivalents				\$ 897,723
Restricted cash and cash equivalents				2,010,708
Restricted investments				46,000
Noncurrent restricted cash and cash equivalents				6,303
Noncurrent restricted investments				<u>1,850,000</u>
				<u>\$ 4,810,734</u>

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

The City’s policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100% of the uninsured deposits and accrued interest thereon. At June 30, 2022, the City was not exposed to custodial credit as defined above.

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. The City was not exposed to investment interest rate risk.

Investment Credit Risk – the city has no investment policy that limits its investment choices other than the limitation of state law as follows:

- 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.
- b. Certificates of deposit 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.
- 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.

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The City was not exposed to investment credit rate risk.

Concentration of Investment Credit Risk - the City places no limit on the amount it may invest in any one issuer. The City was not exposed to concentration of credit risk as defined above.

Restricted Cash and Investments - The amounts reported as restricted assets in the statement of net position are comprised of amounts held by the Public Works Authority for utility deposits (refunded upon termination of service or applied to final bill), USDA debt service amounts and trust corpus amounts held in the Electric Sale Trust account to be used for purposes as voted on by the citizens, and a contingency reserve. The restricted assets as of June 30, 2022 are as follows:

	Cash and Cash Equivalents	Investments	Noncurrent Cash and Cash Equivalents	Noncurrent Investments	Total
Governmental Activities:					
Contingency Reserve	\$ 26,380	\$ -	\$ -	\$ -	\$ 26,380
Electric Sale Trust	1,745,438	-	-	1,850,000	3,595,438
Business-type Activities:					
USDA debt service	226,593	-	-	-	226,593
Utility Meter Deposit	12,297	46,000	6,303	-	64,600
Total Restricted Assets	<u>\$ 2,010,708</u>	<u>\$ 46,000</u>	<u>\$ 6,303</u>	<u>\$ 1,850,000</u>	<u>\$ 3,913,011</u>

4. Capital Assets and Depreciation

Capital Assets:

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. Capital assets are reported at actual or estimated historical cost. Donated capital assets are recorded at their fair value at the date of donation.

For the year ended June 30, 2022, capital assets balances changed as follows:

	Balance at July 1, 2021	Additions	Disposals	Balance at June 30, 2022
Governmental activities:				
Non-depreciable:				
Land	\$ 71,753	\$ 3,000	\$ -	\$ 74,753
Construction-in-progress	-	-	-	-
Total non-depreciable assets at historical cost	<u>71,753</u>	<u>3,000</u>	<u>-</u>	<u>74,753</u>
Depreciable:				
Buildings and improvements	955,163	-	-	955,163
Machinery and equipment	1,936,053	49,912	-	1,985,965
Infrastructure	1,536,848	-	-	1,536,848
Total depreciable assets at historical cost	<u>4,428,064</u>	<u>49,912</u>	<u>-</u>	<u>4,477,976</u>
Less accumulated depreciation				
Buildings and improvements	540,718	28,998	-	569,716
Machinery and equipment	1,467,960	68,975	-	1,536,935
Infrastructure	987,342	54,959	-	1,042,301
Total accumulated depreciation	<u>2,996,020</u>	<u>152,932</u>	<u>-</u>	<u>3,148,952</u>
Net depreciable assets	<u>1,432,044</u>	<u>(103,020)</u>	<u>-</u>	<u>1,329,024</u>
Governmental activities capital assets, net	<u>1,503,797</u>	<u>(100,020)</u>	<u>-</u>	<u>1,403,777</u>

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	Balance at July 1, 2021	Additions	Disposals	Balance at June 30, 2022
Business-type activities				
Non-depreciable:				
Land	380,363	-	-	380,363
Construction-in-progress	-	4,053	-	4,053
Total non-depreciable assets at historical cost	<u>380,363</u>	<u>4,053</u>	<u>-</u>	<u>384,416</u>
Depreciable:				
Buildings and improvements	120,713	-	-	120,713
Machinery and equipment	1,118,275	13,511	-	1,131,786
Infrastructure	11,337,272	-	-	11,337,272
Totals depreciable assets at historical cost	<u>12,576,260</u>	<u>13,511</u>	<u>-</u>	<u>12,589,771</u>
Less accumulated depreciation				
Buildings and improvements	69,635	2,492	-	72,127
Machinery and equipment	437,771	90,028	-	527,799
Infrastructure	3,587,149	285,594	-	3,872,743
Total accumulated depreciation	<u>4,094,555</u>	<u>378,114</u>	<u>-</u>	<u>4,472,669</u>
Net depreciable assets	<u>8,481,705</u>	<u>(364,603)</u>	<u>-</u>	<u>8,117,102</u>
Business-type capital assets, net	<u>\$ 8,862,068</u>	<u>\$ (360,550)</u>	<u>\$ -</u>	<u>\$ 8,501,518</u>

Depreciation:

Depreciable capital assets are depreciated on a straight-line basis over their estimated useful lives. A capitalization threshold of \$2,500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows: Buildings 25 years, Vehicles 4-5 years, Machinery, furniture and equipment 5-15 years, and Utility property and improvements and infrastructure 30 years.

Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset. Depreciation expense has been allocated as follows:

Governmental Activities:

General government	11,907
Public safety	56,741
Highways and streets	58,984
Culture and recreation	25,300
Total depreciation	<u>\$ 152,932</u>

Business-Type Activities:

Water	295,700
Wastewater	60,144
Administration	22,270 *
Total depreciation	<u>\$ 378,114</u>

* Administration depreciation is allocated between water, wastewater, and sanitation activities based on proportionate share of revenues.

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5. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2022, the reporting entity's long-term debt changed as follows:

Type of Debt	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Amounts Due Within One Year
Governmental Activities:					
Notes payable (direct borrowing)	\$ -	\$ 26,687	\$ 988	\$ 25,700	\$ 7,974
Accrued compensated absences	36,849	27,957	29,066	35,740	11,794
Total Governmental Long-Term Debt	<u>\$ 36,849</u>	<u>\$ 54,644</u>	<u>\$ 30,054</u>	<u>\$ 61,440</u>	<u>\$ 19,768</u>
Business-Type Activities:					
Note payable (direct borrowing)	\$ 3,418,815	\$ -	\$ 110,937	\$ 3,307,878	\$ 102,474
Accrued compensated absences	15,582	12,633	11,488	16,727	8,029
Meter deposits	63,209	12,827	11,436	64,600	12,297
Total BTA Long-Term Debt	<u>\$ 3,497,606</u>	<u>\$ 25,460</u>	<u>\$ 133,861</u>	<u>\$ 3,389,205</u>	<u>\$ 122,800</u>

Governmental debt will be paid with General Fund revenues.

Governmental activities long-term debt:

Notes Payable – Direct Borrowing:

\$21,386 note payable with F & M Bank for the purchase of a 2021 Dodge Charger Police V-8 RWD Pursuit vehicle, due in 3 annual installments of \$7,493, with an interest rate of 2.536%, final payment due July, 2024. The note is secured by the 2021 Dodge Charger Police V-8. In the event the City determines that sufficient funds have not been appropriated to make the payments required under the terms of this note, the obligations of the City under this note shall terminate. In such event, the City shall give prompt written notice of the termination to the lender. If the City defaults, the collateralized equipment will be returned to the lender. \$ 21,386

\$5,302 note payable with Watch Guard Video for the purchase of (3) Body Worn Cameras, due in 5 annual installments of \$1,176, final payment due April 2026. The note is secured by the body worn cameras. In the event of default, the collateralized equipment will be returned to the lender. 4,314

Total Notes Payable \$ 25,700

Current Portion \$ 7,974

Noncurrent Portion 17,726

Total Notes Payable - Direct Borrowings \$ 25,700

Accrued Compensated Absences:

Current portion \$ 11,794

Non-current portion 23,946

Total \$ 35,740

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Business-type activities long-term debt:

Notes Payable – Direct Borrowings:

<p>\$3,600,000 USDA Rural Development note with an interest rate of 1.875%, due in 480 monthly installments of \$10,692, final payment due December 2056. The loan is secured by the water system and revenues of the water system. In the event of default, the lender has all rights and remedies as allowed by law including: 1) declare entire amount unpaid immediately due and payable; 2) incur and pay reasonable expenses for repair or maintenance of and take possession of, operate, or rent property; 3) have a receiver appointed for the property; 4) foreclose this instrument; 5) enforce any and all rights and remedies provided herein or by present or future laws.</p>	\$ 3,228,677
<p>\$51,694 note with F & M Bank for the purchase of a skid loader, due in 72 monthly installments of \$804, with an interest rate of 3.75%, final payment due December 2023. In the event that the City determines that sufficient funds have not been appropriated to make the payments required under the terms of this note, the obligations of the City under this note shall terminate. In such event, the City shall give prompt written notice of the termination to the lender. If the City defaults, the collateralized equipment will be returned to the lender.</p>	14,049
<p>\$84,762 note with F & M Bank for the purchase of a JD backhoe, due in 72 monthly installments of \$1,368, with an interest rate of 5.0%, final payment due November 2024. In the event that the City determines that sufficient funds have not been appropriated to make the payments required under the terms of this note, the obligations of the City under this note shall terminate. In such event, the City shall give prompt written notice of the termination to the lender. If the City defaults, the collateralized equipment will be returned to the lender.</p>	37,255
<p>\$33,663 note with F & M Bank for the purchase of a 2020 Ford F350 pickup truck, due in 60 monthly installments of \$614, with an interest rate of 3.55%, final payment due November 2025. In the event that the City determines that sufficient funds have not been appropriated to make the payments required under the terms of this note, the obligations of the City under this note shall terminate. In such event, the City shall give prompt written notice of the termination to the lender. If the City defaults, the collateralized equipment will be returned to the lender.</p>	23,648
<p>\$19,913 note with F & M Bank for the purchase of a 2020 Ford F350 pickup truck, due in 24 monthly installments of \$856, with an interest rate of 3.00%, final payment due November 2022. In the event that the City determines that sufficient funds have not been appropriated to make the payments required under the terms of this note, the obligations of the City under this note shall terminate. In such event, the City shall give prompt written notice of the termination to the lender. If the City defaults, the collateralized equipment will be returned to the lender.</p>	4,249
Total Notes Payable	<u>\$ 3,307,878</u>
Current portion	102,474
Non-current portion	<u>3,205,404</u>
Total Notes Payable - Direct Borrowings	<u>\$ 3,307,878</u>

Meter Deposit Liability:

Current portion	12,297
Non-current portion	<u>52,303</u>
Total	<u>\$ 64,600</u>

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Accrued Compensated Absences:

Current portion	8,029
Non-current portion	<u>8,698</u>
Total	<u>\$ 16,727</u>

Payment requirements to maturity:

<u>Year Ending June 30,</u>	Governmental Activities		Business-Type Activities	
	Notes Payable (direct borrowing)		Notes Payable (direct borrowing)	
	Principal	Interest	Principal	Interest
2023	7,974	695	102,474	63,540
2024	8,186	483	96,026	60,882
2025	8,405	264	83,941	58,568
2026	1,135	40	74,456	56,918
2027	-	-	72,783	55,521
2028-2032	-	-	385,380	256,140
2033-2037	-	-	423,754	217,766
2038-2042	-	-	465,951	175,569
2043-2047	-	-	512,348	129,172
2048-2052	-	-	563,367	78,153
2053-2057	-	-	527,398	26,102
Totals	\$ 25,700	\$ 1,482	\$ 3,307,878	\$ 1,178,331

6. Asset Retirement Obligations

The City has incurred certain asset obligations related to the operation of its wastewater utility system. The estimated liability of the legally required closure costs for the wastewater system was estimated to be \$510,000 as of June 30, 2022. This cost estimate is for abandoning the lagoon system, removing the dike system piping appurtenance, and residual bio solids, and the primary lift station. The average remaining life of these assets is 27 years and the associated deferred outflow of resources is being amortized over that period. There are no required funding and assurance provisions for the estimated liability and no assets are restricted for the payment of the liability.

7. Net Position and Fund Balances

Net position is 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, if any, 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.”

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It is the City'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 Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city's highest level of decision-making authority. The City's highest level of decision-making authority is made by ordinance.
- d. Assigned – includes amounts that are constrained by the city's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

The following schedule shows the detail of fund balance classifications as reported on the governmental balance sheet:

	General Fund	Other Governmental Funds	TOTAL
Fund Balances:			
Nonspendable:			
Electric Sale Trust Corpus	\$ 3,595,908	\$ -	\$ 3,595,908
Restricted for:			
Swimming pool	2,000	-	2,000
CLEET fees	2,521	-	2,521
Street and alley operations and capital	-	17,352	17,352
Sub-total Restricted	4,521	17,352	21,873
Assigned to:			
Police	23,768	-	23,768
Fire operations	-	23,773	23,773
Insurance Reimbursement	12,391	-	12,391
Sub-total Assigned	36,159	23,773	59,932
Unassigned:	573,457	-	573,457
TOTAL FUND BALANCES	\$ 4,210,045	\$ 41,125	\$ 4,251,170

It is the City's policy to first use restricted fund balance prior to the use of the unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City's policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

8. Sales Tax Revenues

The City levies a three cent sales tax on taxable sales within the city limits in accordance with Ordinance No. 433. The City records three cents in the General Fund for general municipal operations.

9. Electric Sale Trust

On June 16, 1989, the City sold all the property comprising the City's electric distribution system. In accordance with a vote of the citizens, approximately, \$2,268,500 of the proceeds were designated as restricted for investment purposes and were invested in U.S. Treasury Bonds (with a \$2,000,000 par value) held in safekeeping by the Federal Reserve Bank in a Treasury Direct account. Of the interest earned on the investments, the City Council has earmarked, pursuant to an election, 75% to be transferred to the General Fund to be used to meet normal operating needs. The remaining 25% must be maintained in the Electric Sale Trust account.

10. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The City manages these various risks of loss as follows:

- General Liability and Physical Property – Covered through purchased commercial insurance with a deductible of \$1,000.
- Workers' Compensation – Workers' compensation is covered through purchased commercial insurance with a deductible of \$1,000.
- Employee's Group Medical –City participates in Blue Cross Blue Shield insurance with a deductible of \$1,000 for each individual.

Management believes such insurance coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

11. Contingencies

The City is a party to other various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City Sinking Fund for the payment of any court assessed judgment rendered against the City. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

Federal and State Award Programs:

The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

12. Pension Plan Participation

The City of Crescent participates in four pension or retirement plans:

- Oklahoma Firefighter’s Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
- Oklahoma Municipal Retirement System Master Defined Contribution Plan and Trust (OkMRF-DCP) – an agent multi-employer defined contribution plan
- Oklahoma Municipal Retirement System City Manager Retirement Plan and Trust (OkMRF-CMO) – an agent multi-employer defined contribution plan

OFPRS:

Plan description -The City of Crescent, 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 (OFPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the OFPRS. OFPRS issues a publicly available financial report that can be obtained at www.ok.gov/fprs.

Benefits provided - OFPRS provides defined retirement benefits based on members’ final average compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. The Plan’s benefits are established and amended by Oklahoma statute. Retirement provisions are as follows:

Normal Retirement:

- Hired Prior to November 1, 2013
Normal retirement is attained upon completing 20 years of service. The normal retirement benefit is equal to 50% of the member’s final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month.
- Hired After November 1, 2013
Normal retirement is attained upon completing 22 years of service. The normal retirement benefit is equal to 55% of the member’s final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. Also participants must be age 50 to begin receiving benefits. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month.

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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 year 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. Volunteer firefighters have no contribution requirement. Participating cities are required to contribute \$60 annually for each volunteer firefighter. Employees are required to contribute 9% of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$1,140. The State of Oklahoma also made on-behalf contributions to OFPRS in the amount of \$2,348 during the fiscal year. However, in the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$1,732. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the City reported a liability of \$15,639 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2021. Based upon this information, the City's proportion was 0.002375%.

For the year ended June 30, 2022, the City recognized pension expense of \$(776). At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,672	\$ 275
Changes of assumptions	-	347
Net difference between projected and actual earnings on pension plan investments	-	12,432
Changes in proportion and differences between City contributions and proportionate share of contributions	1,577	3,259
City contributions during the measurement period	4	190
City contributions subsequent to the measurement date	1,140	-
Total	<u>\$ 8,393</u>	<u>\$ 16,503</u>

\$1,140 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ (1,777)
2024	(1,805)
2025	(2,417)
2026	(3,251)
Thereafter	-
	<u>\$ (9,250)</u>

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	2.75% to 10.5% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the Pub-2010 Public Safety Table with generational mortality improvement using scale MP-2018 for active members, Pub 2010 Public Safety Below Median Table with generational mortality improvement using scale MP-2018 for retired members, and Pub-2010 Public Safety Disabled Table set forward 2 years for disabled members.

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of

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arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	3.53%
Domestic equity	47%	5.73%
International equity	15%	8.50%
Real estate	10%	7.97%
Other assets	8%	4.73%

Discount Rate-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing an allocation of the insurance premium, as established by Oklahoma statute. Prior to July 1, 2021, the Plan was allocated 36% of the Statewide insurance premium tax. The State of Oklahoma has passed legislation that changes the allocation percentage as follows:

- 25.2% effective September 1, 2020
- 36.0% effective July 1, 2021
- 37.8% effective July 1, 2022
- 36.0% effective July 1, 2027

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate-The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Employers' net pension liability	\$ 24,439	\$ 15,639	\$ 8,271

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.

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OPPRS:

Plan description - Effective July 1, 2018, the City of Crescent, as the employer, participates in the Oklahoma Police Pension and Retirement Plan—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at www.ok.gov/OPPRS

Benefits provided - OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later. Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

Contributions - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$16,854. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$14,983 during the fiscal year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$10,309. These on-behalf payments did not meet the criteria of a special funding situation.

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Pension Net Liability (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the City reported an asset of \$174,332 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2021. The City’s proportion of the net pension asset was based on the City’s contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2021. Based upon this information, the City’s proportion was 0.036341%.

For the year ended June 30, 2022, the City recognized pension expense of \$(21,641). At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 2,503	\$ 6,881
Changes of assumptions	2,651	-
Net difference between projected and actual earnings on pension plan investments	-	127,169
Changes in proportion and differences between City contributions and proportionate share of contributions	554	12,859
Contributions during the measurement period	732	511
City contributions subsequent to the measurement date	16,854	-
Total	\$ 23,294	\$ 147,420

In the year ending June 30, 2022, \$16,854 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ (33,276)
2024	(29,678)
2025	(35,812)
2026	(42,632)
Thereafter	418
	\$ (140,980)

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation: 2.75%

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Salary increases: 3.5% to 12% average, including inflation

Investment rate of return: 7.5% net of pension plan investment expense

Cost-of-living adjustments: Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an I increase in base salary of 3.5% (wage inflation).

Mortality rates: Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.

Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Health combined table with fully generational improvement using scale AA.

Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2012, to June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	3.22%
Domestic equity	4.55%
International equity	8.50%
Real estate	7.97%
Private Equity	9.36%

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

Discount Rate – The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be

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made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate-The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	\$ (65,380)	\$ (174,332)	\$ (266,459)

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 OPPRS; which can be located at www.ok.gov/OPPRS.

OkMRF Defined Contribution Plan:

The City contributes to the Employee Retirement System of Crescent, Oklahoma in the form of The Oklahoma Municipal Retirement System Master Contribution Plan and Trust, an agent multiple employer - defined contribution plan, for all eligible employees except for those covered by the Firefighter Pension System. Administration of the City's individual plan rests with the City Council. The overall operations of OMRF are supervised by a nine-member Council of Trustees elected by the participating municipalities. Bank One Trust Company of Oklahoma City acts as administrator and securities custodian.

For the year ended June 30, 2022, the total contributions were 6 percent of covered payroll, of which 3 percent were contributed by both the employer and employee. For the year ended June 30, 2022, city contributions to the plan amounted to \$8,643 which was equal to the required contribution.

OkMRF CMO Plan:

Effective July 1, 2001, the City has also provided a defined contribution plan and trust known as the City of Crescent City Manager Retirement Plan and Trust (CMO Plan). The plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. According to state law, the authority for establishing or amending the plan's provisions and contribution requirements rests with the city council. The plan is available only to the City Manager. The employee contributed 10% to the plan in the current fiscal year and the employer contributes 10% to the fund.

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For the year ended June 30, 2022, the employer contribution rate was 10%. Contributions to the plan for the year ended June 30, 2022 were \$12,840 which was equal to the required contribution.

OkMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 525 Central Park Drive, Suite 320, Oklahoma City, Oklahoma, 73105.

Summary of Contributions:

Fiscal Year	Oklahoma Municipal Retirement Fund		Oklahoma Municipal Retirement Fund – (CMO Plan)	
	Required Contribution	Percentage Contributed	Required Contribution	Percentage Contributed
2020	\$8,609	100%	\$10,550	100%
2021	8,726	100%	11,985	100%
2022	8,643	100%	12,840	100%

13. Internal and Interfund Balances and Transfers

The City’s policy is to eliminate interfund transfers and balances in the statements of activities and net position to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances and then offset in the total column in the government-wide statements. Interfund transfers and balances between funds are not eliminated in the fund financial statements.

Transfers:

Internal transfers between funds, accounts and activities for the year ended June 30, 2022, were as follows:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
Electric Sale Trust Account	General Fund	15,788	operating transfer
		<u>15,788</u>	

Reconciliation to Fund Financial Statements and Statement of Activities:

	Transfers In	Transfers Out	Net Transfers
Governmental Funds	\$ 15,788	\$ (15,788)	\$ -
Proprietary Funds	-	-	-
Total	<u>\$ 15,788</u>	<u>\$ (15,788)</u>	<u>\$ -</u>

14. Use of Estimates

Certain estimates are made in the preparation of the financial statements, such as estimated lives for capital assets depreciation. Estimates are based on management’s best judgments and may vary from actual results.

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedule (Budgetary Basis) – General Fund – Year Ended June 30, 2022

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 177,307	\$ 534,181	\$ 534,181	\$ -
Resources (Inflows):				
Alcoholic beverage tax	20,000	20,000	23,659	3,659
Community park and building	3,600	3,600	4,457	857
Franchise fees	43,700	44,300	47,127	2,827
Miscellaneous	8,705	13,505	14,818	1,313
Fines and forfeitures	203,150	209,150	225,118	15,968
Permits and licenses	6,000	6,000	6,498	498
Sales tax	396,000	458,000	458,304	304
Use tax	80,000	94,000	92,750	(1,250)
Tobacco tax	3,500	3,500	3,525	25
Investment income	750	750	454	(296)
Grants	6,500	11,073	11,073	-
Transfer in	29,125	29,125	-	(29,125)
Total Resources (Inflows)	<u>801,030</u>	<u>893,003</u>	<u>887,783</u>	<u>(5,220)</u>
Amounts available for appropriation	<u>978,337</u>	<u>1,427,184</u>	<u>1,421,964</u>	<u>(5,220)</u>
Charges to Appropriations (Outflows):				
General government	282,917	435,064	437,566	(2,502)
Municipal court	53,641	53,641	52,979	662
City Clerk-Treas.	60,008	-	-	-
City Attorney	18,000	-	-	-
Community center	10,100	10,100	8,839	1,261
Library	31,884	38,807	33,019	5,788
Police	295,019	335,685	298,850	36,835
Fire	38,522	46,335	50,495	(4,160)
Parks	8,250	12,275	11,401	874
Transfer out	-	-	-	-
Total Charges to Appropriations	<u>798,341</u>	<u>931,907</u>	<u>893,149</u>	<u>38,758</u>
Ending Budgetary Fund Balance	<u>\$ 179,996</u>	<u>\$ 495,277</u>	<u>\$ 528,815</u>	<u>\$ 33,538</u>

Footnotes to Budgetary Comparison Schedules:

1. The budgetary comparison schedules are reported on a non-GAAP budgetary basis that report revenues and expenditures on a modified cash basis. For budgetary purposes expenditures are recorded in the period the invoice is received, except for payroll expenditures that are recorded when paid.

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Sources/inflows of resources	<u>General Fund</u>
Actual amounts "Total Resources" from the budgetary comparison schedule	\$887,783
Reconciliation to Statement of Revenues, Expenditures and Changes in Fund Balance:	
On-behalf payments for police & fire pension	17,330
Revenues of General Fund Accounts not included in General Fund Budget:	
Electric Sale Trust	3,838
Police Equipment Account	15,000
Cleet Account	21,840
Insurance Reimbursement	<u>6,484</u>
<i>Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds</i>	<u><u>\$952,275</u></u>
Uses/outflows of resources	
Actual amounts "Total Charges to Appropriations" from the budgetary comparison schedule	\$893,149
Reconciliation to Statement of Revenues, Expenditures and Changes in Fund Balance:	
On-behalf payments for police & fire pension	17,331
Expenditures of General Fund Accounts not included in General Fund Budget:	
CLEET Account	21,360
Insurance Reimbursement	6,939
Police Equipment Account	<u>12,908</u>
<i>Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds</i>	<u><u>\$951,687</u></u>

2. The legal level of appropriation control is the department level within a fund. The City Manager has the authority to make line item transfers but any overall increases or decreases are to be approved by the City Council.

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Schedules of Required Supplementary Information

**SCHEDULE OF THE CITY OF CRESCENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years***

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
City's proportion of the net pension liability	0.002605%	0.002262%	0.002450%	0.002630%	0.002670%	0.002375%
City's proportionate share of the net pension liability	\$ 31,821	\$ 28,446	\$ 27,577	\$ 27,824	\$ 32,896	\$ 15,639
Plan fiduciary net position as a percentage of the total pension liability	64.87%	66.61%	70.73%	72.85%	69.98%	84.24%

*The amounts present for each fiscal year were determined as of 6/30

Notes to Schedule:

Only six fiscal years are presented because 10-year data is not yet available.

The city's participating members consist of volunteers; therefore, the city has no covered-employee payroll.

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SCHEDULE OF CITY CONTRIBUTIONS
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Statutorially required contribution	\$ 900	\$ 900	\$ 1,020	\$ 1,020	\$ 1,080	\$ 1,140
Contributions in relation to the statutorially required contribution	<u>900</u>	<u>900</u>	<u>1,020</u>	<u>1,020</u>	<u>1,080</u>	<u>1,140</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to Schedule:

Only six fiscal years are presented because 10-year data is not yet available.

The cities participating members, consist of volunteers; therefore,
the city has no covered-employee payroll.

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SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY(ASSET)
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years*

	<u>2019**</u>	<u>2021</u>	<u>2022</u>
City's proportion of the net pension liability(asset)		0.052132%	0.036341%
City's proportionate share of the net pension liability (assets)		\$ 59,871	\$(174,332)
City's covered-employee payroll		\$ 171,376	\$ 171,376
City's proportionate share of the net pension liability(asset) as a percentage of its covered-employee payroll		34.94%	-101.72%
Plan fiduciary net position as a percentage of the total pension liability		95.80%	117.07%

*The amounts present for each fiscal year were determined as of 6/30

Notes to Schedule:

Only two fiscal years are presented because the first year of participation in the pension plan was 2019.

**There is no information presented for the reporting period of 6-30-2019 because the city was not participating in the plan as of the measurement date of 6-30-2018.

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SCHEDULE OF CITY CONTRIBUTIONS
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years

	<u>2021</u>	<u>2022</u>
Statutorially required contribution	\$ 16,373	\$ 16,854
Contributions in relation to the statutorially required contribution	<u>16,373</u>	<u>16,854</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 171,376	\$ 171,376
Contributions as a percentage of covered-employee payroll	9.6%	9.8%

Notes to Schedule:

Only two fiscal years are presented because the first year of participation in the pension plan was 2019.

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OTHER SUPPLEMENTARY INFORMATION

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General Fund Accounts Combining Balance Sheet – City of Crescent - June 30, 2022

	General Fund	General Fund Reserve	Electric Sale Trust Account	CLEET Account	Insurance Reimbursement	Police Equipment Account	ARPA Account	Total General Fund
ASSETS								
Cash and cash equivalents	\$ 435,598	\$ 4,167	\$ 1,745,438	\$ 2,521	\$ 12,391	\$ 22,592	\$ 136,318	\$ 2,359,025
Investments	-	-	1,850,000	-	-	-	-	1,850,000
Due from other funds	(1,176)	-	-	-	-	1,176	-	-
Court fines receivable	71,776	-	-	-	-	-	-	71,776
Due from other governments	140,454	-	-	-	-	-	-	140,454
Other receivables	645	-	470	-	-	-	-	1,115
Prepaid expenses	3,814	-	-	-	-	-	-	3,814
Total assets	<u>651,111</u>	<u>4,167</u>	<u>3,595,908</u>	<u>2,521</u>	<u>12,391</u>	<u>23,768</u>	<u>136,318</u>	<u>4,426,184</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES								
Liabilities:								
Accounts payable	18,839	-	-	-	-	-	-	18,839
Unearned revenue	-	-	-	-	-	-	136,318	136,318
Other payables	7,750	-	-	-	-	-	-	7,750
Total liabilities	<u>26,589</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,318</u>	<u>162,907</u>
Deferred inflows:								
Unavailable revenue	53,232	-	-	-	-	-	-	53,232
Fund balances:								
Nonspendable	-	-	3,595,908	-	-	-	-	3,595,908
Restricted	2,000	-	-	2,521	-	-	-	4,521
Assigned	-	-	-	-	12,391	23,768	-	36,159
Unassigned	569,290	4,167	-	-	-	-	-	573,457
Total fund balances	<u>571,290</u>	<u>4,167</u>	<u>3,595,908</u>	<u>2,521</u>	<u>12,391</u>	<u>23,768</u>	<u>-</u>	<u>4,210,045</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 651,111</u>	<u>\$ 4,167</u>	<u>\$ 3,595,908</u>	<u>\$ 2,521</u>	<u>\$ 12,391</u>	<u>\$ 23,768</u>	<u>\$ 136,318</u>	<u>\$ 4,426,184</u>

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General Fund Accounts Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – City of Crescent – Year Ended June 30, 2022

	General Fund	General Fund Reserve	Electric Sale Trust Account	CLEET Account	Insurance Reimbursement	Police Equipment Account	ARPA Account	Total General Fund
REVENUES								
Taxes	598,181	-	-	-	-	-	-	598,181
Fines and forfeitures	225,118	-	-	21,840	-	15,000	-	261,958
Licenses and permits	6,498	-	-	-	-	-	-	6,498
Intergovernmental	55,588	-	-	-	-	-	-	55,588
Charges for services	4,457	-	-	-	-	-	-	4,457
Investment earnings	454	-	3,838	-	-	-	-	4,292
Miscellaneous	14,817	-	-	-	6,484	-	-	21,301
Total revenues	<u>905,113</u>	<u>-</u>	<u>3,838</u>	<u>21,840</u>	<u>6,484</u>	<u>15,000</u>	<u>-</u>	<u>952,275</u>
EXPENDITURES								
Current:								
General government	395,967	-	-	-	-	-	-	395,967
Police	312,657	-	-	21,360	-	575	-	334,592
Municipal court	52,979	-	-	-	-	-	-	52,979
Community Center	8,839	-	-	-	-	-	-	8,839
Fire	52,843	-	-	-	-	-	-	52,843
Library	33,019	-	-	-	-	-	-	33,019
Parks	11,401	-	-	-	455	-	-	11,856
Debt Service:								
Principal	988	-	-	-	-	-	-	988
Interest and other charges	188	-	-	-	-	-	-	188
Capital Outlay	41,599	-	-	-	6,484	12,333	-	60,416
Total Expenditures	<u>910,480</u>	<u>-</u>	<u>-</u>	<u>21,360</u>	<u>6,939</u>	<u>12,908</u>	<u>-</u>	<u>951,687</u>
Excess (deficiency) of revenues over expenditures	<u>(5,367)</u>	<u>-</u>	<u>3,838</u>	<u>480</u>	<u>(455)</u>	<u>2,092</u>	<u>-</u>	<u>588</u>
OTHER FINANCING SOURCES (USES)								
Proceeds from long-term debt	26,688	-	-	-	-	-	-	26,688
Interaccount Transfers in	15,788	-	-	-	-	-	-	15,788
Interaccount Transfers out	-	-	(15,788)	-	-	-	-	(15,788)
Total other financing sources and uses	<u>42,476</u>	<u>-</u>	<u>(15,788)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,688</u>
Net change in fund balances	37,109	-	(11,950)	480	(455)	2,092	-	27,276
Fund balances - beginning	534,181	4,167	3,607,858	2,041	12,846	21,676	-	4,182,769
Fund balances - ending	<u>571,290</u>	<u>4,167</u>	<u>3,595,908</u>	<u>2,521</u>	<u>12,391</u>	<u>23,768</u>	<u>-</u>	<u>4,210,045</u>

CITY OF CRESCENT, OKLAHOMA
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Combining Balance Sheet – Nonmajor Governmental Funds – City of Crescent – June 30, 2022

	Special Revenue Fund	Capital Project Fund		Street and Alley Fund	Fire Department Capital Improvement Fund	Total Other Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 17,694	\$ 23,773	\$	41,467		
Receivable from other governments	1,463	-		1,463		
Total assets	19,157	23,773		42,930		
 LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	1,805	-		1,805		
Total liabilities	1,805	-		1,805		
Fund balances:						
Restricted	17,352	-		17,352		
Assigned	-	23,773		23,773		
Total fund balances	17,352	23,773		41,125		
Total liabilities and fund balances	\$ 19,157	\$ 23,773		\$ 42,930		

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds - City of Crescent - Year Ended June 30, 2022

	Special Revenue Fund	Capital Project Fund		Street and Alley Fund	Fire Department Capital Improvement Fund	Total Other Governmental Funds
REVENUES						
Intergovernmental	\$ 11,750	\$ -	\$	11,750		
Charges for services	-	5,900		5,900		
Miscellaneous	-	-		-		
Total revenues	11,750	5,900		17,650		
 EXPENDITURES						
Current:						
Streets	9,196	-		9,196		
Capital Outlay	19,826	-		19,826		
Total Expenditures	29,022	-		29,022		
Excess (deficiency) of revenues over expenditures	(17,272)	5,900		(11,372)		
Net change in fund balances	(17,272)	5,900		(11,372)		
Fund balances - beginning	34,624	17,873		52,497		
Fund balances - ending	\$ 17,352	\$ 23,773		\$ 41,125		

CITY OF CRESCENT, OKLAHOMA
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Combining Schedule of Net Position – Enterprise Fund Accounts – City of Crescent – June 30, 2022

	Crescent Public Works Authority	WLRPS Account	CPWA Reserve	CPWA Insurance Reimbursement	FEMA Grant	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 181,511	\$ -	\$ 4,000	\$ 5,025	\$ 78,513	\$ 269,049
Restricted cash and cash equivalents	12,297	226,593	-	-	-	238,890
Accounts receivable, net	74,145	-	-	-	-	74,145
Prepaid Expenses	2,697	-	-	-	-	2,697
Total current assets	<u>270,650</u>	<u>226,593</u>	<u>4,000</u>	<u>5,025</u>	<u>78,513</u>	<u>584,781</u>
Non-current assets:						
Restricted cash and cash equivalents	6,303	-	-	-	-	6,303
Restricted investments	46,000	-	-	-	-	46,000
Capital Assets:						
Land and other non-depreciable assets	384,416	-	-	-	-	384,416
Other capital assets, net of depreciation	8,117,102	-	-	-	-	8,117,102
Total non-current assets	<u>8,553,821</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,553,821</u>
Total assets	<u>8,824,471</u>	<u>226,593</u>	<u>4,000</u>	<u>5,025</u>	<u>78,513</u>	<u>9,138,602</u>
DEFERRED OUTFLOW OF RESOURCES						
Deferred amounts related to asset retirement obligation	459,000	-	-	-	-	459,000
LIABILITIES						
Current Liabilities:						
Accounts payable and accrued liabilities	21,965	-	-	-	-	21,965
Accrued interest payable	-	1,524	-	-	-	1,524
Due to depositors	12,297	-	-	-	-	12,297
Accrued Compensated absences	8,028	-	-	-	-	8,028
Notes payable	35,015	67,460	-	-	-	102,475
Total current liabilities	<u>77,305</u>	<u>68,984</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,289</u>
Non-current liabilities:						
Accrued Compensated absences	8,698	-	-	-	-	8,698
Due to depositors	52,303	-	-	-	-	52,303
Notes payable	44,186	3,161,217	-	-	-	3,205,403
Asset Retirement Obligation	510,000	-	-	-	-	510,000
Total non-current liabilities	<u>615,187</u>	<u>3,161,217</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,776,404</u>
Total liabilities	<u>692,492</u>	<u>3,230,201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,922,693</u>
NET POSITION						
Net investment in capital assets	5,193,640	-	-	-	-	5,193,640
Restricted for debt service	-	70,799	-	-	-	70,799
Restricted for capital projects	-	155,794	-	-	-	155,794
Unrestricted (deficit)	3,397,338	(3,230,201)	4,000	5,025	78,513	254,675
Total net position	<u>8,590,978</u>	<u>\$ (3,003,608)</u>	<u>\$ 4,000</u>	<u>\$ 5,025</u>	<u>\$ 78,513</u>	<u>\$ 5,674,908</u>

CITY OF CRESCENT, OKLAHOMA
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Combining Schedule of Revenues, Expenses and Changes in Net Position – Enterprise Fund Accounts - City of Crescent - Year Ended June 30, 2022

	Crescent Public Works Authority	WLRPS Fund	CPWA Reserve	CPWA Insurance Reimbursement	FEMA Grant	Total
REVENUES						
Water Charges	\$ 347,371	\$ -	\$ -	\$ -	\$ -	\$ 347,371
Sewer Charges	267,152	-	-	-	-	267,152
Sanitation Charges	178,507	-	-	-	-	178,507
Penalties	21,764	-	-	-	-	21,764
Ambulance fees	39,815	-	-	-	-	39,815
Miscellaneous	14,857	-	-	-	-	14,857
Total operating revenues	<u>869,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>869,466</u>
OPERATING EXPENSES						
Administration	96,826	-	-	-	-	96,826
Sanitation	127,279	-	-	-	-	127,279
Water/wastewater	347,899	-	-	-	3,771	351,670
Ambulance	36,167	-	-	-	-	36,167
Depreciation	378,114	-	-	-	-	378,114
Total Operating Expenses	<u>986,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,771</u>	<u>990,056</u>
Operating income (loss)	<u>(116,819)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,771)</u>	<u>(120,590)</u>
NON-OPERATING REVENUES (EXPENSES)						
Interest and investment revenue	414	104	-	-	-	518
Interest expense	(4,296)	(60,885)	-	-	-	(65,181)
Total non-operating revenue (expenses)	<u>(3,882)</u>	<u>(60,781)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(64,663)</u>
Income (loss) before contributions and transfers	<u>(120,701)</u>	<u>(60,781)</u>	<u>-</u>	<u>-</u>	<u>(3,771)</u>	<u>(185,253)</u>
Capital contributions	-	-	-	-	31,200	31,200
Intra-account transfers out	(170,801)	-	-	-	-	(170,801)
Intra-account transfers in	-	170,801	-	-	-	170,801
Change in net position	<u>(291,502)</u>	<u>110,020</u>	<u>-</u>	<u>-</u>	<u>27,429</u>	<u>(154,053)</u>
Total net position - beginning	<u>8,882,480</u>	<u>(3,113,628)</u>	<u>4,000</u>	<u>5,025</u>	<u>51,084</u>	<u>5,828,961</u>
Total net position - ending	<u>\$ 8,590,978</u>	<u>\$ (3,003,608)</u>	<u>\$ 4,000</u>	<u>\$ 5,025</u>	<u>\$ 78,513</u>	<u>\$ 5,674,908</u>

**CITY OF CRESCENT, OKLAHOMA
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Schedule of Expenditures of Federal and State Awards – Year Ended June 30, 2022

Federal/State Grantor/Pass Through Agency Grantor/Program Title	AL or Award Number	Award Amount	Awards Expended
FEDERAL AWARDS:			
U.S. DEPARTMENT OF TREASURY:			
ARPA Library Grant	45.310	\$ 3,000	\$ 2,990
ARPA	21.027	136,318	-
TOTAL FEDERAL AWARDS		<u>\$ 139,318</u>	<u>\$ 2,990</u>
STATE AWARDS:			
Oklahoma Department of Emergency Management			
FEMA DR 4247 PW - PA-4247	N/A	16,791	16,791
Department of Homeland Security 2020 Ice Storm PA-4575	N/A	14,409	14,409
Oklahoma Department of Libraries			
Library State Aid	N/A	3,310	3,310
Oklahoma Department of Agriculture			
Rural Fire Grant	N/A	4,763	4,763
TOTAL STATE AWARDS		<u>\$ 39,273</u>	<u>\$ 39,273</u>

Footnotes to Schedule of Expenditures of Federal and State Awards:

1. Basis of Presentation

The schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state award activity of the City under programs of the federal and State of Oklahoma governments for the year ended June 30, 2022. All federal and state awards received directly from federal and state agencies, as well as awards passed through other governmental agencies, and expended during the year are included in this Schedule. The federal award 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 a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, as applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

3. Indirect Cost Rate

The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance for federal programs.

CITY OF CRESCENT, OKLAHOMA
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INTERNAL CONTROL AND COMPLIANCE INFORMATION



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

To the Honorable Mayor and Members of the City Council
City of Crescent, 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 City of Crescent, Oklahoma ("City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 29, 2022.

Report on 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 of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 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*.

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.

Elfrink and Associates, PLLC

Elfrink and Associates, PLLC
Tulsa, Oklahoma
November 29, 2022.