



City of
**HENRYETTA,
OKLAHOMA**

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

AS OF AND FOR THE FISCAL YEAR ENDED

JUNE 30, 2022

**THE CITY OF HENRYETTA,
OKLAHOMA**

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

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

**CITY OF HENRYETTA, 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 City Council of the
City of Henryetta, Oklahoma

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the City of Henryetta, Oklahoma, (the "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 as listed in the table of contents.

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units" section of our report, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City, as of June 30, 2022, or the changes in financial position for the year then ended in accordance with modified cash basis of accounting, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the Henryetta Hospital Authority, a legally separate component unit of the City. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. The amount by which this omission would affect the assets, liabilities, net assets, revenues, and expenses of aggregate discretely presented component units is not determinable.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, the Henryetta Economic Development Authority, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for 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 in accordance with auditing standards 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.

Emphasis of Matter—Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

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 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, 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 and budgetary comparison information 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.

Supplementary Information

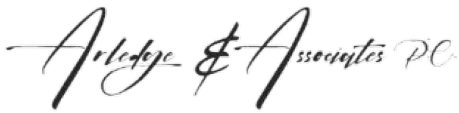
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the 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 11, 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 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 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.



Edmond, Oklahoma
November 11, 2022



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

The management of the City of Henryetta is pleased to provide this annual financial report to its citizens, taxpayers and other report users to demonstrate its accountability and communicate the City's financial condition and activities as of and for the year ended June 30, 2022. Management of the City is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts. The City reports its financial statements and schedules on a modified cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles. All the financial analyses in this report must be considered within the context of the limitations of the modified cash basis of accounting.

FINANCIAL HIGHLIGHTS

- As reported on a modified cash basis, the City's total net position increased by \$414,826, and the assets of the City exceed its liabilities at June 30, 2022, by \$6,535,725 (Net Position). Of this amount, \$4,705,690 (Unrestricted Net Position) is available to meet the government's ongoing needs.
- At June 30, 2022, the City's governmental funds reported combined ending fund balances on a modified cash basis of \$5,199,360.
- At the end of fiscal year 2022, unassigned fund balance on a modified cash basis for the General Fund was \$2,820,441 or 70% of General Fund revenues.

ABOUT THE CITY

The City of Henryetta is an incorporated municipality with a population of approximately 5,927 located in east central Oklahoma. 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 elected by the citizens at large
- 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 public safety, health and welfare, street and alley maintenance, parks and recreation, and certain utility services including water, wastewater, and sanitation.

The City's Financial Reporting Entity

With the exception of one component unit, this annual report includes all activities for which the City Council is financially accountable. These activities, defined as the City's financial reporting entity, are operated within separate legal entities.

CITY OF HENRYETTA, OKLAHOMA
Management's Discussion and Analysis
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The City's financial reporting entity includes the primary government and the component units as follows:

- **The City of Henryetta** – that operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities. - *reported as part of the primary government.*
- **The City of Henryetta Municipal Authority** – that operates the water, wastewater, sanitation, transfer sanitation and EMS activities of the City. - *reported as part of the primary government as a blended component unit.*
- **The Henryetta Economic Development Authority** – that operates to finance, develop and promote economic development activities of the City. – *reported as a discretely-presented component unit.*
- **The Henryetta Hospital Authority** is also a component unit of the City that issues a separate financial statement report, but management has elected to exclude the financial activities of the Authority in this financial statement report, which normally would have been included as a discretely presented component unit. The reason for the Hospital Authority's exclusion from this financial statement report is that the Hospital Authority's annual financial statements are prepared using a different financial reporting framework than that of the City. The Hospital Authority provides physical facilities (in the form of a tenant-renter relationship), improvements and services for the purpose of providing public health care. Separate financial statements can be obtained by contacting the Hospital administration at 918-650-1301.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements of the primary government and discretely-presented component unit presented herein include all of the activities of the City of Henryetta (the “City”), the Henryetta Municipal Authority (the “Authority”), and the Henryetta Economic Development Authority (the “HEDA”). Included in this report are government-wide statements for each of the two categories of activities - governmental and business-type, in addition to a separate presentation for the discretely presented component unit.

The government-wide financial statements present the complete financial picture of the City from the modified cash basis of accounting. These statements include all assets of the City as well as all liabilities, resulting from modified cash basis transactions. They present governmental 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.

Reporting the City as a Whole

The Statement of Net Position and Statement of Activities

One of the most important questions to ask about the City's finances is, "Has the City's overall financial condition improved, declined or remained steady as a result of the year's activities?" 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. You will need to consider other non-financial factors, however, such as changes in the City's sales tax base, the condition of the City's roads, and quality of service to assess the overall health of the City. You will also need to keep in mind that these government-wide statements are prepared in accordance with the modified cash basis of accounting and include only those City assets and liabilities resulting from cash transactions with selected modifications.

In the Statement of Net Position and the Statement of Activities, we divide the City's primary government into two kinds of activities: *Governmental activities* - Most of the City's basic services are reported here, including the police, fire, administration, and streets. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities; and *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. Also included in business-type activities are EMS activities.

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

Fund Financial Statements

The fund financial statements provide detailed information about the City's most significant (major) funds -- not the City as a whole. Some funds are required to be established by State law and by debt covenants. However, the City Council may also establish certain 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.

Governmental funds - All of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Governmental funds report their activities on a modified cash basis of accounting. For example, these funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) 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 each governmental fund financial statement.

Proprietary funds - When the City, through the Municipal Authority, charges customers for the services it provides, these services are generally reported in proprietary funds. The City's proprietary fund is also reported on the modified cash basis of accounting. The City's proprietary fund is the Henryetta Municipal Authority which accounts for the operation of the water, sewer, and sanitation activities.

CITY OF HENRYETTA, OKLAHOMA
Management's Discussion and Analysis
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Notes to the Financial Statements

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 26-42 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, combining and individual fund financial statements and schedules, and a schedule of federal and state award expenditures.

THE CITY AS A WHOLE

For the year ended June 30, 2022, net position on a modified cash basis for the governmental and business-type activities increased \$414,826. Following is a summary of Net Position reported on a modified cash basis for the City of Henryetta primary government.

Net Position (Modified Cash Basis)
June 30, 2022
(In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
Current assets	\$ 5,205	\$ 4,795	9%	\$ 1,654	\$ 1,649	0%	\$ 6,859	\$ 6,444	6%
Total assets	<u>5,205</u>	<u>4,795</u>	9%	<u>1,654</u>	<u>1,649</u>	0%	<u>6,859</u>	<u>6,444</u>	6%
Current liabilities	<u>5</u>	<u>5</u>	0%	<u>318</u>	<u>318</u>	0%	<u>323</u>	<u>323</u>	0%
Total liabilities	<u>5</u>	<u>5</u>	0%	<u>318</u>	<u>318</u>	0%	<u>323</u>	<u>323</u>	0%
Net position									
Restricted	924	1,725	-46%	906	908	0%	1,830	2,633	-30%
Unrestricted	4,276	3,065	40%	430	423	2%	4,706	3,488	35%
Total net position	<u>\$ 5,200</u>	<u>\$ 4,790</u>	9%	<u>\$ 1,336</u>	<u>\$ 1,331</u>	0%	<u>\$ 6,536</u>	<u>\$ 6,121</u>	7%

In the governmental activities, the restricted net position decreased \$800,551 mainly due to a decrease in restricted monies in the Restricted Sales Tax Fund of \$681,893 and a decrease in restricted monies in the General Fund of \$119,993.

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

Changes in Net Position (Modified Cash Basis)
Year Ended June 30, 2022
(In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
Revenues									
Charges for services	\$ 240	\$ 241	0%	\$ 3,862	\$ 3,597	7%	\$ 4,102	\$ 3,838	7%
Operating grants and contributions	113	539	-79%	-	-	-	113	539	-79%
Sales and use tax	3,828	3,521	9%	-	-	-	3,828	3,521	9%
Other taxes	357	318	12%	-	-	-	357	318	12%
Other general revenues	827	299	177%	1	2	-50%	828	301	175%
Total revenues	<u>5,365</u>	<u>4,918</u>	9%	<u>3,863</u>	<u>3,599</u>	7%	<u>9,228</u>	<u>8,517</u>	8%
Expenses									
General government	1,069	948	13%	-	-	-	1,069	948	13%
Public safety	2,486	2,236	11%	-	-	-	2,486	2,236	11%
Streets and Highways	369	384	-4%	-	-	-	369	384	-4%
Culture and recreation	374	229	63%	-	-	-	374	229	63%
Cemetery	156	130	20%	-	-	-	156	130	20%
Airport	64	55	16%	-	-	-	64	55	16%
Payment to component unit	140	131	7%	-	-	-	140	131	7%
Water	-	-	-	3,392	2,789	22%	3,392	2,789	22%
Sewer	-	-	-	549	622	-12%	549	622	-12%
Sanitation	-	-	-	532	489	9%	532	489	9%
EMS	-	-	-	124	127	-2%	124	127	-2%
Total expenses	<u>4,658</u>	<u>4,113</u>	13%	<u>4,597</u>	<u>4,027</u>	14%	<u>9,255</u>	<u>8,140</u>	14%
Excess (deficiency) before transfers	707	805	-12%	(734)	(428)	71%	(27)	377	-107%
Transfers from component unit	442	28	1479%	-	-	-	442	28	1479%
Transfers	(739)	(246)	200%	739	246	200%	-	-	-
Change in net position	<u>410</u>	<u>587</u>	-30%	<u>5</u>	<u>(182)</u>	103%	<u>415</u>	<u>405</u>	-2%
Beginning net position	<u>4,790</u>	<u>4,203</u>	14%	<u>1,331</u>	<u>1,513</u>	-12%	<u>6,121</u>	<u>5,716</u>	7%
Ending net position	<u>\$ 5,200</u>	<u>\$ 4,790</u>	9%	<u>\$ 1,336</u>	<u>\$ 1,331</u>	0%	<u>\$ 6,536</u>	<u>\$ 6,121</u>	7%

Governmental Activities

The City's governmental activities had an increase in net position of \$409,600.

Operating grants and contributions increased \$59,668 from prior year due to an American Rescue Plan Act grant received in the current year. Culture and recreation expenditures increased \$145,225 due primarily to trust monies left in a prior year that was spent on playground equipment in the amount of \$119,993 in the current year.

CITY OF HENRYETTA, OKLAHOMA
Management's Discussion and Analysis
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Net Revenue/Expense Governmental Activities (Modified Cash Basis)
(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	\$ 1,069	\$ 948	13%	\$ (991)	\$ (441)	125%
Public safety	2,486	2,236	11%	(2,299)	(2,041)	13%
Highways and streets	369	384	-4%	(314)	(335)	-6%
Culture and recreation	374	229	63%	(367)	(223)	65%
Cemetery	156	130	20%	(144)	(120)	20%
Airport	64	55	16%	(50)	(41)	22%
Payment to component unit	140	131	7%	(140)	(131)	7%
Total	<u>\$ 4,658</u>	<u>\$ 4,113</u>	13%	<u>\$(4,305)</u>	<u>\$ (3,332)</u>	29%

Business-type Activities

Water expenses increased from prior year expenses by \$602,716, primarily due to an increase in operating costs from the prior year.

Net Revenue/Expense Business-type Activities (Modified Cash Basis)
(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	\$ 3,392	\$ 2,789	22%	\$ (1,509)	\$ (1,125)	34%
Sewer	549	622	-12%	398	284	40%
Sanitation	532	489	9%	375	411	-9%
EMS	124	127	-2%	-	-	0%
Total	<u>\$ 4,597</u>	<u>\$ 4,027</u>	14%	<u>\$ (736)</u>	<u>\$ (430)</u>	71%

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 \$5,199,360. For the year ended June 30, 2022, the General Fund's total fund balance increased by \$260,616 to \$3,399,815 or 85% of total annual revenues.

Budgetary Highlights

For the year ended June 30, 2022, the General Fund reported actual budgetary basis revenues above final estimates by \$329,526 or a 5.8% positive variance. General Fund actual expenditures were under final appropriations by \$300,631 or an 4.9% positive variance.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Over the past few fiscal years, the City continued careful review of its financial condition and made minimal changes in personnel and other expenditures to ensure a continuous improvement of their financial condition. The FY 2023 budget was prepared with this in mind.

The City received grant revenue related to ARPA grant funds.

Contacting the City's Financial Management

This 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 115 S. 4th Street, Henryetta, Oklahoma 74437 or phone (918) 652-3348.

CITY OF HENRYETTA, OKLAHOMA
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BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

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Statement of Net Position (Modified Cash Basis) – June 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Henryetta Economic Development Authority
ASSETS				
Cash and cash equivalents	\$ 4,526,583	\$ 1,517,545	\$ 6,044,128	\$ 326,502
Investments	627,256	164,231	791,487	340,472
Notes receivable	-	-	-	25,000
Internal balances	50,591	(27,410)	23,181	(23,181)
Total assets	<u>5,204,430</u>	<u>1,654,366</u>	<u>6,858,796</u>	<u>668,793</u>
LIABILITIES				
Due to depositors	\$ 4,880	\$ 318,001	\$ 322,881	\$ -
Due to others	190	-	190	-
Total liabilities	<u>5,070</u>	<u>318,001</u>	<u>323,071</u>	<u>-</u>
NET POSITION				
Restricted for:				
Capital & Debt Service	405,464	555,659	961,123	-
Debt Service	-	350,448	350,448	-
Cemetery	27,215	-	27,215	-
Public Safety	106,756	-	106,756	-
Culture & Recreation	384,493	-	384,493	-
Unrestricted	4,275,432	430,258	4,705,690	668,793
Total net position	<u>\$ 5,199,360</u>	<u>\$ 1,336,365</u>	<u>\$ 6,535,725</u>	<u>\$ 668,793</u>

See accompanying notes to the basic financial statements.

CITY OF HENRYETTA, OKLAHOMA
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Statement of Activities (Modified Cash Basis) – For the Fiscal Year Ended June 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>			<u>Component Unit</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants, Debt Proceeds, and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Henryetta Economic Development Authority</u>
Primary government								
Governmental activities:								
General government	\$ 1,068,460	\$ 23,061	\$ 53,960	\$ -	\$ (991,439)	\$ -	\$ (991,439)	\$ -
Public safety	2,486,370	187,609	-	-	(2,298,761)	-	(2,298,761)	-
Highways and streets	368,566	-	54,394	-	(314,172)	-	(314,172)	-
Culture and recreation	373,915	2,220	4,520	-	(367,175)	-	(367,175)	-
Cemetery	156,320	12,719	-	-	(143,601)	-	(143,601)	-
Airport	64,168	14,150	-	-	(50,018)	-	(50,018)	-
HEDA (payments to component unit)	140,232	-	-	-	(140,232)	-	(140,232)	-
Total governmental activities	4,658,031	239,759	112,874	-	(4,305,398)	-	(4,305,398)	-
Business-type activities:								
Water	3,391,741	1,883,668	-	-	-	(1,508,073)	(1,508,073)	-
Sewer	549,143	947,195	-	-	-	398,052	398,052	-
Sanitation	531,961	906,477	-	-	-	374,516	374,516	-
EMS	124,669	124,669	-	-	-	-	-	-
Total business-type activities	4,597,514	3,862,009	-	-	-	(735,505)	(735,505)	-
Total primary government	\$ 9,255,545	\$ 4,101,768	\$ 112,874	\$ -	(4,305,398)	(735,505)	(5,040,903)	-
Component Units:								
Henryetta Economic Development Authority	\$ 52,041	\$ -	\$ -	\$ -	-	-	-	(52,041)
General revenues:								
Taxes:								
Sales and use taxes					3,827,998	-	3,827,998	-
Franchise taxes and public service taxes					265,279	-	265,279	-
Hotel/Motel taxes					92,452	-	92,452	-
Intergovernmental revenue not restricted to specific programs					574,096	-	574,096	-
Unrestricted investment earnings					4,952	1,307	6,259	2,552
Miscellaneous					247,869	-	247,869	-
Payment from primary government					-	-	-	140,232
Transfer-HEDA component unit					441,776	-	441,776	(441,776)
Transfers					(739,424)	739,424	-	-
Total general revenues and transfers					4,714,998	740,731	5,455,729	(298,992)
Change in net position					409,600	5,226	414,826	(351,033)
Net position - beginning					4,789,760	1,331,139	6,120,899	1,019,826
Net position - ending					\$ 5,199,360	\$ 1,336,365	\$ 6,535,725	\$ 668,793

See accompanying notes to the basic financial statements.

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BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

CITY OF HENRYETTA, OKLAHOMA
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Governmental Funds Balance Sheet (Modified Cash Basis) – June 30, 2022

	<u>General Fund</u>	<u>Restricted Sales Tax Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 2,753,845	\$ 1,243,736	\$ 529,002	\$ 4,526,583
Investments	627,256	-	-	627,256
Due from other funds	25,629	25,000	1,807	52,436
Total assets	<u>\$ 3,406,730</u>	<u>\$ 1,268,736</u>	<u>\$ 530,809</u>	<u>\$ 5,206,275</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ 1,845	\$ -	\$ -	\$ 1,845
Due to depositors	4,880	-	-	4,880
Due to others	190	-	-	190
Total liabilities	<u>6,915</u>	<u>-</u>	<u>-</u>	<u>6,915</u>
 Fund balances:				
Restricted	9,158	405,464	509,306	923,928
Assigned	570,216	863,272	21,503	1,454,991
Unassigned	2,820,441	-	-	2,820,441
Total fund balances	<u>3,399,815</u>	<u>1,268,736</u>	<u>530,809</u>	<u>5,199,360</u>
Total liabilities and fund balances	<u>\$ 3,406,730</u>	<u>\$ 1,268,736</u>	<u>\$ 530,809</u>	<u>\$ 5,206,275</u>

See accompanying notes to the basic financial statements.

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Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance
(Modified Cash Basis) – For the Fiscal Year Ended June 30, 2022

	General Fund	Restricted Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 2,879,783	\$ 1,121,852	\$ 92,452	\$ 4,094,087
Intergovernmental	651,278	-	35,692	686,970
Charges for services	21,897	-	102,613	124,510
Fines and forfeitures	189,739	-	-	189,739
Licenses and permits	17,152	-	-	17,152
Investment income	3,279	648	1,025	4,952
Miscellaneous	239,799	-	8,070	247,869
Total revenues	<u>4,002,927</u>	<u>1,122,500</u>	<u>239,852</u>	<u>5,365,279</u>
EXPENDITURES				
Current:				
General government	1,058,747	-	-	1,058,747
Public Safety	2,109,265	-	275,755	2,385,020
Highway and streets	358,788	-	-	358,788
Culture and recreation	202,450	-	13,158	215,608
Cemetery	135,346	-	40	135,386
Airport	59,838	-	-	59,838
Capital Outlay	248,154	676,694	89,237	1,014,085
Total expenditures	<u>4,172,588</u>	<u>676,694</u>	<u>378,190</u>	<u>5,227,472</u>
Excess (deficiency) of revenues over expenditures	<u>(169,661)</u>	<u>445,806</u>	<u>(138,338)</u>	<u>137,807</u>
OTHER FINANCING SOURCES (USES)				
Payment from HEDA	105,973	335,803	-	441,776
Sales tax payment to HEDA	(140,232)	-	-	(140,232)
Transfers in	1,939,689	486,066	146,698	2,572,453
Transfers out	(1,475,153)	(1,127,051)	-	(2,602,204)
Total other financing sources and (uses)	<u>430,277</u>	<u>(305,182)</u>	<u>146,698</u>	<u>271,793</u>
Net change in fund balances	260,616	140,624	8,360	409,600
Fund balances - beginning	3,139,199	1,128,112	522,449	4,789,760
Fund balances - ending	<u>\$ 3,399,815</u>	<u>\$ 1,268,736</u>	<u>\$ 530,809</u>	<u>\$ 5,199,360</u>

See accompanying notes to the basic financial statements.

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BASIC FINANCIAL STATEMENTS – PROPRIETARY FUND

CITY OF HENRYETTA, OKLAHOMA
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Proprietary Fund Statement of Net Position (Modified Cash Basis) – June 30, 2022

	Henryetta Municipal Authority
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 75,742
Restricted:	
Restricted cash and cash equivalents	1,441,803
Restricted investments	164,231
Due from other funds	19,255
Total current assets	<u>1,701,031</u>
Total assets	<u>1,701,031</u>
 LIABILITIES	
Current liabilities:	
Due to other funds	46,665
Deposits subject to refund	318,001
Total liabilities	<u>364,666</u>
 NET POSITION	
Restricted for capital outlay	555,659
Restricted for debt service	350,448
Unrestricted	430,258
Total net position	<u><u>\$ 1,336,365</u></u>

See accompanying notes to the basic financial statements.

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Proprietary Fund Statement of Revenues, Expenses and Changes in Net Position (Modified Cash Basis) – For the Fiscal Year Ended June 30, 2022

	Henryetta Municipal Authority
OPERATING REVENUES	
Water charges	\$ 1,824,993
Water taps	2,875
Sewer charges	937,080
Sanitation charges	896,797
EMS assessment	124,669
Penalty charges	35,686
Miscellaneous	39,909
Total Operating Revenues	<u>3,862,009</u>
OPERATING EXPENSES	
Water	523,796
Utility office operations	181,430
Water treatment plant operations	1,099,897
Sewer operations	123,854
Sewer treatment plant operations	278,703
Sanitation	208,600
Transfer station operations	219,732
EMS contract	124,669
Total Operating Expenses	<u>2,760,681</u>
Operating income	<u>1,101,328</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment income	1,307
Principal payments	(880,847)
Interest expense	(246,313)
Total non-operating revenue (expenses)	<u>(1,125,853)</u>
Income (loss) before transfers	(24,525)
Transfers in	1,969,440
Transfers out	<u>(1,939,689)</u>
Change in net position	5,226
Total net position - beginning	1,331,139
Total net position - ending	<u>\$ 1,336,365</u>

See accompanying notes to the basic financial statements.

CITY OF HENRYETTA, OKLAHOMA
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Proprietary Fund Statement of Cash Flows (Modified Cash Basis) – Year Ended June 30, 2022

	Henryetta Municipal Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 3,862,009
Payments to suppliers	(1,879,119)
Payments to employees	(881,562)
Interfund receipts (payments)	1,611
Receipts of customer meter deposits	52,733
Refunds of customer meter deposits	(52,489)
Net cash provided by operating activities	1,103,183
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	1,969,440
Transfers to other funds	(1,939,689)
Net cash provided by noncapital financing activities	29,751
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on debt	(880,847)
Interest and fiscal agent fees paid on debt	(246,313)
Net cash provided by (used in) capital and related financing activities	(1,127,160)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	1,307
Net cash provided by investing activities	1,307
Net increase in cash and cash equivalents	7,081
Balances - beginning of year	1,510,464
Balances - end of year	\$ 1,517,545
Reconciliation to Statement of Net Position:	
Cash and cash equivalents	\$ 75,742
Restricted cash and cash equivalents - current	1,441,803
Total cash and cash equivalents, end of year	\$ 1,517,545
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,101,328
Change in assets and liabilities:	
Due from other funds	70,206
Due to other funds	(68,595)
Deposits subject to refund	244
Net cash provided by operating activities	\$ 1,103,183

See accompanying notes to the basic financial statements.

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FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City's financial reporting entity includes the primary government (the City), a blended component unit (HMA) and two discretely-presented component units as follows:

- **The City of Henryetta** – that operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities – *primary government*
- **The City of Henryetta Municipal Authority** – that operates the water, wastewater, sanitation, transfer sanitation and EMS activities of the City - *considered part of the primary government presentation for reporting purposes as a blended component unit*
- **The Henryetta Economic Development Authority** – that operates to finance, develop and promote economic development activities of the City – *reported as a discretely presented component unit*
- **The Henryetta Hospital Authority** is also a discretely presented component unit of the City that issues a separate financial statement report, but management has elected to exclude the financial activities of the Authority in this financial statement report. The reason for the Hospital Authority's exclusion from this financial statement report is that the Hospital Authority's annual financial statements are prepared using a different financial reporting framework than that of the City. The Hospital Authority provides physical facilities (in the form of tenant-renter relationship), improvements and services for the purpose of providing public health care. Separate financial statements can be obtained by contacting the Hospital administration at 918-650-1301.

With the exception of one component unit, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended by Statement 61, and includes all component units for which the City is financially accountable.

The component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. In addition, the City has leased certain existing assets at the creation for the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

Basis of Presentation and Accounting

Government-Wide Financial Statements:

The Statements of Net Position and Activities are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions

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adjusted for the following modifications that have substantial support in generally accepted accounting principles. These modifications include adjustments for the following balances arising from cash transactions:

- cash-based interfund receivables and payables
- other cash-based receivables/payables
- utility deposit liabilities

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

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

- General government: License and permits, rents, royalties and operating grants
- Public safety: Fine revenue
- Highways and Streets: Gas excise taxes and commercial vehicle taxes
- Culture and recreation: Library fines, operating and capital grants
- Cemetery: Cemetery lot fee and stone setting fees
- Airport: Hangar rent and gasoline revenue

Governmental Funds:

General Fund – The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all financial resources not accounted for and reported in another fund.

Special Revenue Funds – are used to account for and report the proceeds of specific revenues sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Project Funds – are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Proprietary Fund:

Enterprise Fund – are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net position changes similar to the private sector. The reporting entity includes the Henryetta Municipal Authority, a blended component unit enterprise fund. This fund accounts for activities of the public trust in providing, water, EMS, wastewater, and sanitation services to the public.

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The City's governmental funds are comprised of the following:

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds. For financial statement reporting purposes the General Fund contains the following combining accounts: Library Account, Airport Account, and the Police Special Response Account.
- Restricted Sales Tax – a capital project fund that accounts for one and two-thirds cent sales tax restricted for capital expenditures.

Non-Major Funds (Reported as Other Governmental Funds):

Special Revenue Funds:

- E-911 Fund – accounts for the City's share of E-911 customer assessment that is restricted for public safety use.
- Hotel/Motel Tax Fund – accounts for hotel/motel taxes the City receives and is to be used for the promotion of tourism and development and maintenance of parks and recreation.
- REAP Grant Fund – accounts for REAP grant monies received and expended on grant activities or projects.

Capital Project Funds:

- Police Equipment – accounts for the donation revenue received to be used for police equipment.
- Cemetery Care Fund – accounts for 12.5 percent of cemetery revenue restricted for cemetery capital improvements.

The governmental funds are reported on a modified cash basis of accounting. Only current financial assets and liabilities resulting from cash transactions are included on the fund balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. These fund financial statements use fund balance as their measure of available spendable financial resources at the end of the period.

Proprietary Fund:

The City's proprietary fund is comprised of the following:

Enterprise Fund:

- Henryetta Municipal Authority – that operates the water, sewer, EMS, and sanitation services of the City

The proprietary fund is also reported on a modified cash basis, as defined above.

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.

B. Cash, Cash Equivalents, and Investments

Cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three-months or less, and money market accounts. Investments consist of long-term certificates of deposit and are reported at cost.

C. Fund Balances and Net Position

Fund Balances:

Governmental fund equity is classified as fund balance. Fund balance can be further classified as nonspendable, restricted, committed, assigned and unassigned. More information is provided in Note 3. 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.

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.

Net Position:

Net Position is displayed in two components:

- a. *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.
- b. *Unrestricted Net Position* - All other net position that does not meet the definition of “restricted.”

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.

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D. Internal and Interfund Balances and Transfers

The City's policy is to eliminate interfund transfers and balances in the statement 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 then offset in the total column in the government-wide statements. Internal transfers and balances between funds are not eliminated in the fund financial statements.

2. Deposits and Investments

For the year ended June 30, 2022, the City recognized \$6,259 of investment income. Due to the minimal rates of return on allowable investments in the current environment, all of the City's deposits are in demand and short-term time deposits.

At June 30, 2022, the primary government held the following deposits and investments:

<u>Type</u>	<u>Carrying Value</u>
<u>Primary Government</u>	
Deposits:	
Petty Cash	\$ 653
Demand Deposits	6,043,475
Time deposit - certificates of deposit	791,487
	<u>\$ 6,835,615</u>
 Reconciliation to Statement of Net Position:	
Cash and cash equivalents	\$ 6,044,128
Investments	791,487
	<u>\$ 6,835,615</u>
 <u>Component Units</u>	
Henryetta Economic Development Authority:	
Demand Deposits	\$ 326,502
Time deposit - certificates of deposit	340,472
	<u>666,974</u>
 Reconciliation to Statement of Net Position:	
Cash and cash equivalents	\$ 326,502
Investments	340,472
	<u>\$ 666,974</u>

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Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City is governed by the State Public Deposit Act which requires that the City obtain and hold collateral whose fair value exceeds the amount of uninsured deposits. Investment securities are exposed to custody credit risk if the securities are uninsured, are not registered in the name of the government, and if held by either a counterparty or a counterparty's trust, department or agent, but not in the government's name.

As of June 30, 2022, the City was not exposed to custodial credit risk as defined above.

Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City has no investment policy that limits investments based on maturity. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments, where applicable.

At June 30, 2022, the City's investments with maturity dates were limited to time deposits that were not exposed to interest rate risk.

Investment Credit Risk

The City has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investments in: (1) full faith and credit, direct obligations of the U. S. Government, its agencies and instrumentalities, and the State of Oklahoma and certain mortgage insured federal debt; (2) certificates of deposit or savings accounts that are either insured or secured with acceptable collateral; (3) negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations; (4) 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; and (5) government money market funds regulated by the SEC. These investment limitations do not apply to the City's public trusts.

As of June 30, 2022, the City was not exposed to investment credit risk as defined above.

Concentration of Investment Credit Risk

Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City has no investment policy regarding concentration of credit risk.

At June 30, 2022, the City had no concentration of credit risk as defined above.

Restricted Cash and Investments – The amounts reported as restricted assets on the proprietary fund Statement of Net Position are comprised of amounts restricted for meter deposits, debt service, debt reserve, or construction purposes. The restricted assets as of June 30, 2022 are as follows:

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<u>Type of Restricted Assets</u>	<u>Current</u>	
	<u>Cash and cash equivalents</u>	<u>Investments</u>
Utility Deposits	\$ 153,770	\$ 164,231
Bond and Note Indenture Accounts:		
Notes Accounts	1,288,033	-
Total Bond and Note Indenture Accounts	<u>1,288,033</u>	<u>-</u>
Total Proprietary Fund	<u>\$ 1,441,803</u>	<u>\$ 164,231</u>

3. Fund Balance and Net Position

The following tables show the fund balance classifications as shown on the Governmental Funds Balance Sheet and Proprietary Fund Statement of Net Position:

	General Fund	Major Capital Project Fund	Other Governmental Funds	TOTAL
		Restricted Sales Tax		
Fund Balances:				
Restricted for:				
Capital and/or capital debt service	\$ -	\$ 405,464	\$ -	\$ 405,464
Cemetery	-	-	27,215	27,215
Public Safety	-	-	106,756	106,756
Culture and Recreation	9,158	-	375,335	384,493
Sub-total Restricted	<u>9,158</u>	<u>405,464</u>	<u>509,306</u>	<u>923,928</u>
Assigned to:				
Balance Subsequent Years Budget	479,526	-	-	479,526
Capital and/or capital debt service	-	863,272	-	863,272
Cemetery	-	-	435	435
E911	-	-	8,627	8,627
Public Safety	53	-	1,224	1,277
Airport	26,269	-	-	26,269
Culture and Recreation	64,368	-	11,217	75,585
Sub-total Assigned	<u>570,216</u>	<u>863,272</u>	<u>21,503</u>	<u>1,454,991</u>
Unassigned:	2,820,441	-	-	2,820,441
TOTAL FUND BALANCES	<u>\$ 3,399,815</u>	<u>\$ 1,268,736</u>	<u>\$ 530,809</u>	<u>\$ 5,199,360</u>

Enterprise Fund:

Restricted for Capital Outlay	\$ 555,659
Restricted for Debt Service	350,448
Total Enterprise Fund Restricted Net Position	<u>\$ 906,107</u>

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4. Sales Tax Revenue

Sales tax revenue represents a 4 cent tax on each dollar of taxable sales. In September of 2014, the City approved a change to the sales tax allocation. The change became effective in December of 2014 and is recorded as follows:

- 2 2/3 cents is recorded in the General Fund of which 1 cent is pledged and transferred to the HMA to assist in HMA debt service coverage requirements per Ordinance No. 623; 1/6 of one cent is transferred to the Henryetta Economic Development Authority, and 1 1/2 cent is retained by the General Fund
- 1 1/3 cent is recorded in the Restricted Sales Tax Fund with one cent pledged toward HMA debt in accordance with Ordinance No. 1001 effective November 2007 and 1/3 cent restricted for the purchase of capital assets or debt related to the purchase of capital assets with Ordinance No. 987.

5. Property Tax Levy

The City presently levies no property tax. In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the City.

6. Internal and Interfund Balances and Transfers

Balances:

Interfund balances between activities at June 30, 2022, were as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
General Fund	HMA	\$ 38	Payroll and claims activity
General Fund	HMA	2,177	Claims payable
General Fund	Hotel/Motel Tax Fund	1,807	Reimburse expenditures paid
HEDA	General Fund	23,181	Tax abatement payments not reimbursed by year end
HMA Meter Deposit Account	General Fund	89	Reimburse expenditures paid
HMA 2009 CWSRF Account	General Fund	182	Vendor payments
HMA Operating Account	Restricted Sales Tax Fund	25,000	Reclassification of transaction
Meter Deposit Account	HMA Operating Account	19,217	Meter deposit refunds
Total		<u>\$ 71,691</u>	

Reconciliation to Fund Financial Statements:

	<u>Due From</u>	<u>Due To</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 52,436	\$ (1,845)	\$ 50,591
Proprietary Funds	19,255	(46,665)	(27,410)
Total	<u>\$ 71,691</u>	<u>\$ (48,510)</u>	<u>\$ 23,181</u>

Reconciliation to Statement of Net Position:

Net Interfund Balances	\$ 23,181
Due from HEDA	(23,181)
	<u>\$ -</u>

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Transfers:

Internal transfers between funds 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>
HMA Operating Account	General Fund	\$ 1,939,689	Operating Subsidy
General Fund	HMA	841,389	Sales tax transfer
General Fund	HMA	485,773	Debt service payments
General Fund	E911 Fund	146,698	Transfer payroll expense
Restricted Sales Tax Fund	2015 Series Note Fund	1,000	Trustee fees
General Fund	Restricted Sales Tax Fund	486,066	ARPA grant
Restricted Sales Tax Fund	HMA	641,278	Debt service payments
Total		<u>\$ 4,541,893</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 2,572,453	\$ (2,602,204)	\$ (29,751)
Proprietary Funds	1,969,440	(1,939,689)	29,751
	<u>\$ 4,541,893</u>	<u>\$ (4,541,893)</u>	<u>\$ -</u>

Reconciliation to Statement of Activities:

Net Transfers	\$ (29,751)
Transfer water, sewer, and sanitation activity to business-type activities	(709,673)
Transfers - internal activity	<u>\$ (739,424)</u>

7. 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 by securing commercial insurance for all risks, except for participation in the Oklahoma Municipal Assurance Group risk entity pool for certain coverage. 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.

8. Pension Plan Participation

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

1. Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
2. Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
3. Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust (OkMRF-DBP) – an agent multiple-employer defined benefit plan
4. OkMRF Defined Contribution – an agent multiple-employer defined contribution plan

OFPRS:

Plan Summary Information. The City of Henryetta, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Firefighter's Pension and Retirement System (OFPRS). The OFPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the City must participate in the plan if they employ full-time or volunteer firefighters.

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The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OFPRS, 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73105-3414.

Funding Policy. OFPRS plan members that are volunteer firefighters are not required to contribute to the plan. OFPRS plan members are required to contribute 9% to the plan. The City is required by state law to contribute 14% per year of covered payroll per paid firefighter. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OFPRS contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Amount Contributed</u>
2020	\$ 78,938	\$ 78,938
2021	82,846	82,846
2022	84,398	84,398

OPPRS:

Plan Summary Information. The City of Henryetta, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Police Pension and Retirement System (OPPRS). The OPPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the City must participate in the plan if they employ a certain number of fulltime police officers.

The OPPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OPPRS, 1001 N.W. 63rd St., Suite 605, Oklahoma City, OK 73116-7335.

Funding Policy. The City is required by state law to contribute 13% of covered payroll per year for each police officer. Employees contribute 8% of covered payroll. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OPPRS contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Amount Contributed</u>
2020	\$ 73,368	\$ 73,368
2021	71,598	71,598
2022	86,803	86,803

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OkMRF Defined Benefit Plan:

The City contributes to the City of Henryetta Plan and Trust in the form of The Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust, an agent multiple employer - defined benefit plan, for all eligible employees except for those covered by the Police and Firefighter Pension Systems. Administration of the City's individual plan rests with the City Council. The overall operations of OkMRF are supervised by a nine-member Council of Trustees elected by the participating municipalities. JP Morgan Chase of Oklahoma City acts as administrator and securities custodian.

Eligibility Factors, Contribution Methods and Benefit Provisions

Provision	OkMRF Plan
a. Eligible to Participate	Full-time, non-uniformed employees of the City upon hire.
b. Contribution Requirements:	
- Authorization	By City ordinance
- Actuarially Determined	Yes
- Employer Rate	13.62% of covered payroll
- Employee Rate	5.25% of earnings
c. Period Required to Vest	10 years of credited service
d. Eligibility for Distribution	<ul style="list-style-type: none"> - Normal retirement at age 65 with 10 years of service - Early retirement at age 55 with 10 years of service - Disability retirement with 10 years of service - Marital death benefit with 10 years of service
e. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
f. Benefit Determination Methods:	
- Normal Retirement	2.625% of final average salary multiplied by credited years of service
- Early Retirement	Actuarially reduced benefit based upon age and years of service at termination
- Disability Retirement	Same as normal retirement
- Death Benefit	50% of employee's accrued benefit, but terminates upon spouse remarriage
- Prior to 10 Years Service	Return of employee contributions with accrued interest
g. Form of Benefit Payments	Normal form is 60 months certain and life thereafter basis. Employee may elect, with City consent, optional form based on actuarial equivalent.

For the year ended June 30, 2022, the City's employer contribution to the plan was \$198,810 or 13%, which was less than the actuarial required contribution of 13.62%.

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.

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OkMRF Defined Contribution Plan:

Plan Summary Information. The City has provided a defined contribution plan and trust available to the City Manager. The trust is in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OkMRF). OkMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to immediately participate upon being hired.

Funding Policy. Employees participating in the Plan are required to contribute at least 3%. By City ordinance, the City, as employer, is required to make contributions to the plan, at a current rate of 7% of covered payroll. The City's contributions for each employee (and interest allocated to the employee's account) are vested 100% upon participations in the plan. The authority to establish and amend the provisions of the plan rests with the City Council. Currently all eligible employees have opted not to participate in the plan for fiscal year 2022.

9. Tax Abatements

The City entered into a sales tax rebate agreement with a local business as allowed in the Oklahoma State Constitution, Article 10, Section 14. Under this law, the City may establish economic development programs and provide sales tax increments for development as part of its economic development plan.

The sales tax rebate program allows a retail store, business or developer to receive rebated sales tax in an amount equal to two and one-half cents (\$0.025) from every four cents (\$0.04) of sales tax that the business generates. To be eligible for this program, the project area should be developed or redeveloped after a significant vacancy to provide economic opportunity to the City and its citizens.

Due to the confidentiality of laws in Oklahoma Statutes, Title 68, Section 1354.11, the amounts of sales tax rebated will not be disclosed. The following business had a rebate agreement with the City as of June 30, 2022:

A restaurant retailer received rebated sales tax during 2022. The sales tax rebated cannot exceed the lesser of (i) 2.5% of the gross sales tax generated over a 5 year period, or (ii) \$200,000. This sales tax rebate period is for five years from the sales tax commencement date (the date the City first receives sales tax). This agreement was entered into April 2018 and will terminate no later than April 2023.

10. Commitments and Contingencies

Long-term Debt and Debt Service Requirements:

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

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<u>Type of Debt</u>	<u>Balance July 01, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2022</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Notes payable (direct borrowings/placements)	\$ 8,595,652	\$ -	\$ 880,846	\$ 7,714,806	\$ 914,927
Total Business-Type Activities	8,595,652	-	880,846	7,714,806	914,927
Total Long-Term Debt	<u>\$ 8,595,652</u>	<u>\$ -</u>	<u>\$ 880,846</u>	<u>\$ 7,714,806</u>	<u>\$ 914,927</u>
Component Unit:					
HEDA:					
Notes Payable	\$ 32,541	\$ -	\$ 7,692	\$ 24,849	\$ 7,100
Total Component Unit	<u>\$ 32,541</u>	<u>\$ -</u>	<u>\$ 7,692</u>	<u>\$ 24,849</u>	<u>\$ 7,100</u>

Governmental activities:

At June 30, 2022 there we no governmental activities long-term payables.

Business-type activities:

Long-term debt payable from direct borrowing and direct placements include the following:

OWRB Promissory Note dated September 29, 2009, original amount \$9,500,000, payable in semi-annual installments each March 15 and September 15 beginning March 2011, final installment due September 15, 2030 with a 3.07% interest rate and an administration fee of .5% payable semi-annually based on the principal outstanding, secured and payable from utility revenues and pledged sales tax as well as a mortgage on the water and sanitary sewer systems and facilities. In the event of default on the OWRB loans, the lender may: 1) file suite to require any or all of the borrower covenants to be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint temporary trustees to take over, operate and maintain the System on a profitable basis; or 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement; 5) increase the interest rate to 14% on the defaulted payments.

\$ 3,378,784

OWRB Promissory Note dated December 21, 2009, original amount \$3,650,000, payable in semi-annual installments each March 15 and September 15 beginning September 2011, final installment due March 15, 2031 with a 2.73% interest rate and an administration fee of .5% payable semi-annually based on the principal outstanding, secured and payable from utility revenues and pledged sales tax as well as a mortgage on the water and sanitary sewer systems and facilities. In the event of default on the OWRB loans, the lender may: 1) file suite to require any or all of the borrower covenants to be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint temporary trustees to take over, operate and maintain the System on a profitable basis; or 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement; 5) increase the interest rate to 14% on the defaulted payments.

1,063,441

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Notes Payable:

Series 2015 Utility System and Sales Tax Revenue Note, original amount \$4,480,000, payable in semi-annual installments each June 1 and December 1 beginning June 1, 2017, final installment due June 1, 2029 with a 2.64% interest rate, secured by and payable from utility revenues and pledged sales tax. In the event of default on the note, the lender may: 1) file suite to require any or all of the borrower covenants to be performed; 2) accelerate the payment of principal and interest accrued on the note; 3) appoint temporary trustees to take over, operate and maintain the System on a profitable basis; or 4) file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the indenture.

3,145,000

First Family Federal Credit Union note dated February 25, 2020, authorized amount of \$227,095, Secured by Sanitation truck payable in monthly installments of \$4,284, including principal with a 4.99% interest rate, with final payment due February 2025. In the event of default on the note, the lender may: 1) accelerate payment of principal and interest; 2) Take possession of the collateral; 3) Sell the collateral.

127,581

Total Notes Payable	<u>\$ 7,714,806</u>
Current portion	\$ 914,927
Noncurrent portion	<u>6,799,879</u>
Total Notes Payable	<u>\$ 7,714,806</u>

Component unit - HEDA:

Notes Payable (Direct Borrowing):

Oklahoma Department of Commerce note dated March 17, 2005, authorized amount of \$142,000, payable in monthly installments of \$592, including principal with a 0% interest rate, with a final payment due December 2025. The note is payable from pledged sales tax. In the event of default, the lender may demand that all liabilities and obligations to the lender would be due and payable immediately, cease extending credit to HEDA and exercise all rights and remedies possessed by lender. Also, at the lender's discretion, the note interest rate may be increased to 6% in the event of default.

\$ 24,849

Total Notes Payable	<u>\$ 24,849</u>
Current portion	\$ 7,100
Noncurrent portion	<u>17,749</u>
Total Notes Payable	<u>\$ 24,849</u>

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Long-term debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Business-Type Activities</u>	
	<u>Notes Payable</u>	
	<u>(direct borrowings and direct placements)</u>	
	<u>Principal</u>	<u>Interest</u>
2023	914,927	216,740
2024	945,989	189,720
2025	954,856	161,375
2026	947,026	134,438
2027	982,370	107,210
2028-2031	2,969,638	159,124
Totals	<u>\$ 7,714,806</u>	<u>\$ 968,607</u>

<u>Year Ending June 30,</u>	<u>Component Unit Activities</u>	
	<u>Notes Payable</u>	
	<u>(direct borrowings)</u>	
	<u>Principal</u>	<u>Interest</u>
2023	7,100	-
2024	7,100	-
2025	7,100	-
2026	3,549	-
Totals	<u>\$ 24,849</u>	<u>\$ -</u>

Pledge of Future Revenues

Sales Tax and Net Utility Revenues Pledge - The City has pledged two cents (or 50%) of future sales tax revenues and net utility revenues to repay the 2009 OWRB CWSRF \$3,650,000, 2009 OWRB DWSRF \$9,500,000, and the 2015 Utility System and Sales Tax Revenue \$4,480,000 notes payable. Proceeds from the notes provided financing for capital assets. The notes are payable from pledged sales tax revenues and net utility revenues and are payable through 2031. The total principal and interest payable for the remainder of the life of these notes is \$8,547,366. Pledged sales taxes received in the current year were \$1,682,778 and net utility revenues were \$1,101,328. Debt service payments of \$1,078,746 for the current fiscal year were 39% of both pledged sales taxes and net utility revenues of \$2,784,106.

Compensated Absences:

As a result of the City's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and compensation leave) earned but unpaid at year-end are not reflected in the basic financial statements. The compensated absence commitment at June 30, 2022, is summarized as follows:

- Governmental activities \$229,228
- Business-type activities \$ 73,377

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Litigation:

The City is party to 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. These statutory provisions do not apply to the City's public trust Authorities. 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 City of Henryetta participates in various federal or state grant/loan programs from year to year. In 2022, the City's involvement in federal and state award programs included ARPA grants in the amount of \$486,066. 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.

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SUPPLEMENTARY AND OTHER INFORMATION

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Budgetary Comparison Schedule (Modified Cash Basis) – Year Ended June 30, 2022

	General Fund			
	Budgeted Amounts		Actual Amounts,	Variance with
	Original	Final	Budgetary Basis	Final Budget - Positive (Negative)
Beginning Budgetary Fund Balance	\$ 3,745,293	\$ 360,473	\$ 3,039,441	\$ 2,678,968
Resources (Inflows):				
Taxes	2,514,000	2,784,700	2,879,783	95,083
Intergovernmental	139,000	625,066	646,758	21,692
Charges for services	62,800	62,800	7,747	(55,053)
Fines and forfeitures	201,500	201,500	189,739	(11,761)
Licenses and Permits	16,650	16,650	17,152	502
Investment Income	12,000	12,000	3,263	(8,737)
Miscellaneous	161,700	175,900	237,867	61,967
Other Financing Sources - Transfers In	1,819,829	1,819,829	2,045,662	225,833
Total Resources	4,927,479	5,698,445	6,027,971	329,526
Amount available for appropriation	8,672,772	6,058,918	9,067,412	3,008,494
Charges to Appropriations (Outflows):				
Departmental:				
General Government:				
General government	1,151,350	1,187,050	1,065,747	121,303
Public Safety	2,190,071	2,297,071	2,209,718	87,353
Street	371,808	395,708	368,566	27,142
Culture and Recreation	233,507	327,707	323,700	4,007
Cemetery	144,429	143,829	135,346	8,483
Airport	45,305	43,305	39,825	3,480
Economic Development	128,750	-	-	-
Transfers to Other Funds	968,932	1,664,248	1,615,385	48,863
Total Charges to Appropriations	5,234,152	6,058,918	5,758,287	300,631
Ending Budgetary Fund Balance	\$ 3,438,620	\$ -	\$ 3,309,125	\$ 3,309,125
Reconciliation to Statement of Revenues, Expenditures, and Change in Fund Balance:				
Library Account Balance			64,368	
Airport Account Balance			26,269	
Police Special Response Account Balance			53	
Total General Fund Fund Balance			\$ 3,399,815	

Footnotes to Budgetary Comparison Schedule:

1. The budgetary comparison schedules are reported on the same modified cash basis as governmental funds within the basic financial statements.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a department of a fund require the approval of the City Manager. All other transfers and supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.

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Non-Major Governmental Funds Combining Balance Sheet (Modified Cash Basis) – June 30, 2022

	<u>Special Revenue</u>			<u>Capital Project</u>		
	<u>E911 Fund</u>	<u>Hotel Motel Tax Fund</u>	<u>REAP Grant Fund</u>	<u>Cemetery Care Fund</u>	<u>Police Equipment Fund</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 106,275	\$ 384,745	\$ -	\$ 27,650	\$ 10,332	\$ 529,002
Due from other funds	-	1,807	-	-	-	1,807
Total assets	<u>\$ 106,275</u>	<u>\$ 386,552</u>	<u>\$ -</u>	<u>\$ 27,650</u>	<u>\$ 10,332</u>	<u>\$ 530,809</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Restricted	97,648	375,335	-	27,215	9,108	509,306
Assigned	8,627	11,217	-	435	1,224	21,503
Total fund balances	<u>106,275</u>	<u>386,552</u>	<u>-</u>	<u>27,650</u>	<u>10,332</u>	<u>530,809</u>
Total liabilities and fund balances	<u>\$ 106,275</u>	<u>\$ 386,552</u>	<u>\$ -</u>	<u>\$ 27,650</u>	<u>\$ 10,332</u>	<u>\$ 530,809</u>

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Non-Major Governmental Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) – Year Ended June 30, 2022

	Special Revenue			Capital Project		
	E911 Fund	Hotel Motel Tax Fund	REAP Grant Fund	Cemetery Care Fund	Police Equipment Fund	Total-Other Governmental Funds
REVENUES						
Taxes	\$ -	\$ 92,452	\$ -	\$ -	\$ -	\$ 92,452
Intergovernmental	-	-	35,692	-	-	35,692
Charges for services	91,642	-	-	10,971	-	102,613
Investment earnings	275	732	-	18	-	1,025
Miscellaneous	-	6,000	-	-	2,070	8,070
Total revenues	<u>91,917</u>	<u>99,184</u>	<u>35,692</u>	<u>10,989</u>	<u>2,070</u>	<u>239,852</u>
EXPENDITURES						
Current:						
Public Safety	275,723	-	-	-	32	275,755
Cemetery	-	-	-	40	-	40
Culture and recreation	-	13,158	-	-	-	13,158
Capital Outlay	897	31,714	35,692	20,934	-	89,237
Total Expenditures	<u>276,620</u>	<u>44,872</u>	<u>35,692</u>	<u>20,974</u>	<u>32</u>	<u>378,190</u>
Excess (deficiency) of revenues over expenditures	<u>(184,703)</u>	<u>54,312</u>	<u>-</u>	<u>(9,985)</u>	<u>2,038</u>	<u>(138,338)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	146,698	-	-	-	-	146,698
Transfers out	-	-	-	-	-	-
Total other financing sources and uses	<u>146,698</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,698</u>
Net change in fund balances	(38,005)	54,312	-	(9,985)	2,038	8,360
Fund balances - beginning	144,280	332,240	-	37,635	8,294	522,449
Fund balances - ending	<u>\$ 106,275</u>	<u>\$ 386,552</u>	<u>\$ -</u>	<u>\$ 27,650</u>	<u>\$ 10,332</u>	<u>\$ 530,809</u>

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Combining Balance Sheet Schedule (Modified Cash Basis) – Henryetta General Fund Accounts – June 30, 2022

	General Fund	Library Account	Airport Account	Police Special Response Account	Total
ASSETS					
Cash and cash equivalents	\$ 2,666,105	\$ 61,868	\$ 25,819	\$ 53	\$ 2,753,845
Investments	624,756	2,500	-	-	627,256
Due from other funds	25,179	-	450	-	25,629
Total assets	<u>\$ 3,316,040</u>	<u>\$ 64,368</u>	<u>\$ 26,269</u>	<u>\$ 53</u>	<u>\$ 3,406,730</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds	\$ 1,845	\$ -	\$ -	\$ -	\$ 1,845
Due to others	190	-	-	-	190
Due to depositors	4,880	-	-	-	4,880
Total liabilities	<u>6,915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,915</u>
Fund balances:					
Restricted	9,158	-	-	-	9,158
Assigned	479,526	64,368	26,269	53	570,216
Unassigned	2,820,441	-	-	-	2,820,441
Total fund balances	<u>3,309,125</u>	<u>64,368</u>	<u>26,269</u>	<u>53</u>	<u>3,399,815</u>
Total liabilities and fund balances	<u>\$ 3,316,040</u>	<u>\$ 64,368</u>	<u>\$ 26,269</u>	<u>\$ 53</u>	<u>\$ 3,406,730</u>

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

Combining Schedule of Revenues, Expenses, and Changes in Fund Balance (Modified Cash Basis) - General Fund Accounts - Year Ended June 30, 2022

	General Fund	Library Account	Airport Account	Police Special Response Account	Total
REVENUES					
Taxes	\$ 2,879,783	\$ -	\$ -	\$ -	\$ 2,879,783
Intergovernmental	646,758	4,520	-	-	651,278
Charges for services	7,747	-	14,150	-	21,897
Fines and forfeitures	189,739	-	-	-	189,739
Licenses and permits	17,152	-	-	-	17,152
Investment earnings	3,263	-	16	-	3,279
Miscellaneous	237,867	1,932	-	-	239,799
Total revenues	<u>3,982,309</u>	<u>6,452</u>	<u>14,166</u>	<u>-</u>	<u>4,002,927</u>
EXPENDITURES					
Current:					
General government	1,058,747	-	-	-	1,058,747
Public Safety	2,109,265	-	-	-	2,109,265
Highways and streets	358,788	-	-	-	358,788
Culture and recreation	197,107	5,343	-	-	202,450
Cemetery	135,346	-	-	-	135,346
Airport	39,825	-	20,013	-	59,838
Capital Outlay	243,824	-	4,330	-	248,154
Total Expenditures	<u>4,142,902</u>	<u>5,343</u>	<u>24,343</u>	<u>-</u>	<u>4,172,588</u>
Excess (deficiency) of revenues over expenditures	<u>(160,593)</u>	<u>1,109</u>	<u>(10,177)</u>	<u>-</u>	<u>(169,661)</u>
OTHER FINANCING SOURCES (USES)					
Payment from HEDA	105,973	-	-	-	105,973
Sales tax payment to HEDA	(140,232)	-	-	-	(140,232)
Transfers in	1,939,689	-	-	-	1,939,689
Transfers out	(1,475,153)	-	-	-	(1,475,153)
Total other financing sources and uses	<u>430,277</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>430,277</u>
Net change in fund balances	269,684	1,109	(10,177)	-	260,616
Fund balances - beginning	3,039,441	63,259	36,446	53	3,139,199
Fund balances - ending	<u>\$ 3,309,125</u>	<u>\$ 64,368</u>	<u>\$ 26,269</u>	<u>\$ 53</u>	<u>\$ 3,399,815</u>

CITY OF HENRYETTA, OKLAHOMA
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Combining Schedule of Net Position (Modified Cash Basis) – Henryetta Municipal Authority
Enterprise Fund Accounts - June 30, 2022

	HMA	Meter Deposit	CDBG Water Project	2009 CWSRF	2009 DWSRF	TOTALS
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 4,603	\$ 71,139	\$ -	\$ -	\$ -	\$ 75,742
Restricted cash and cash equivalents	214,574	153,770	1,014	691,533	380,912	1,441,803
Restricted investments	-	164,231	-	-	-	164,231
Due from other funds	19,255	-	-	-	-	19,255
Total assets	<u>238,432</u>	<u>389,140</u>	<u>1,014</u>	<u>691,533</u>	<u>380,912</u>	<u>1,701,031</u>
LIABILITIES						
Current liabilities:						
Due to other funds	27,177	19,306	-	182	-	46,665
Meter deposit liability	-	318,001	-	-	-	318,001
Total liabilities	<u>27,177</u>	<u>337,307</u>	<u>-</u>	<u>182</u>	<u>-</u>	<u>364,666</u>
NET POSITION						
Restricted for debt service	214,574	-	-	135,874	-	350,448
Restricted for capital outlay	-	-	-	555,659	-	555,659
Unrestricted (deficit)	(3,319)	51,833	1,014	(182)	380,912	430,258
Total net position	<u>\$ 211,255</u>	<u>\$ 51,833</u>	<u>\$ 1,014</u>	<u>\$ 691,351</u>	<u>\$ 380,912</u>	<u>\$ 1,336,365</u>

CITY OF HENRYETTA, OKLAHOMA
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Combining Schedule of Revenues, Expenses, and Changes in Net Position (Modified Cash Basis) –
Henryetta Municipal Authority Enterprise Fund Accounts - Year Ended June 30, 2022

	<u>HMA</u>	<u>Meter Deposit</u>	<u>CDBG Water Project</u>	<u>2009 CWSRF</u>	<u>2009 DWSRF</u>	<u>Total</u>
Operating Revenues:						
Water charges	\$ 1,824,993	\$ -	\$ -	\$ -	\$ -	\$ 1,824,993
Water taps	2,875	-	-	-	-	2,875
Sewer charges	937,080	-	-	-	-	937,080
Sanitation charges	896,797	-	-	-	-	896,797
EMS Assessments	124,669	-	-	-	-	124,669
Penalty charges	35,686	-	-	-	-	35,686
Miscellaneous	39,909	-	-	-	-	39,909
Total operating revenues	<u>3,862,009</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,862,009</u>
OPERATING EXPENSES						
Water operations	520,768	28	-	3,000	-	523,796
Utility office operations	181,430	-	-	-	-	181,430
Water treatment plant operations	1,099,897	-	-	-	-	1,099,897
Sewer operations	123,854	-	-	-	-	123,854
Sewer treatment plant operations	278,703	-	-	-	-	278,703
Sanitation operations	208,600	-	-	-	-	208,600
Transfer station operations	219,732	-	-	-	-	219,732
EMS contract	124,669	-	-	-	-	124,669
Total Operating Expenses	<u>2,757,653</u>	<u>28</u>	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>2,760,681</u>
Operating income (loss)	<u>1,104,356</u>	<u>(28)</u>	<u>-</u>	<u>(3,000)</u>	<u>-</u>	<u>1,101,328</u>
NON-OPERATING REVENUES (EXPENSES)						
Interest and investment revenue	531	444	-	332	-	1,307
Principal payments	(485,847)	-	-	(395,000)	-	(880,847)
Interest expense	(155,431)	-	-	(90,882)	-	(246,313)
Total non-operating revenue (expenses)	<u>(640,747)</u>	<u>444</u>	<u>-</u>	<u>(485,550)</u>	<u>-</u>	<u>(1,125,853)</u>
Income (loss) before transfers	<u>463,609</u>	<u>416</u>	<u>-</u>	<u>(488,550)</u>	<u>-</u>	<u>(24,525)</u>
Transfers in	1,482,667	-	-	486,773	-	1,969,440
Transfers out	(1,939,689)	-	-	-	-	(1,939,689)
Change in net position	<u>6,587</u>	<u>416</u>	<u>-</u>	<u>(1,777)</u>	<u>-</u>	<u>5,226</u>
Total net position - beginning	<u>204,668</u>	<u>51,417</u>	<u>1,014</u>	<u>693,128</u>	<u>380,912</u>	<u>1,331,139</u>
Total net position - ending	<u>\$ 211,255</u>	<u>\$ 51,833</u>	<u>\$ 1,014</u>	<u>\$ 691,351</u>	<u>\$ 380,912</u>	<u>\$ 1,336,365</u>

CITY OF HENRYETTA, 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	Federal AL Number	Agency or Pass Thru Number	Program or Award Amount	Federal/State Expenditures
FEDERAL AWARDS:				
<u>U.S. DEPARTMENT OF TREASURY:</u> American Rescue Plan Act - Tranche #1	21.027	N/A	486,066	486,066
TOTAL FEDERAL AWARDS			\$ 486,066	\$ 486,066
STATE AWARDS:				
<u>EASTERN OKLAHOMA DEVELOPMENT ASSOCIATION:</u> 2021 REAP Fund	N/A	N/A	\$ 35,692	\$ 35,692
<u>OKLAHOMA DEPARTMENT OF AGRICULTURE:</u> Rural Fire Grant	N/A	N/A	4,763	4,763
<u>OKLAHOMA DEPARTMENT OF CIVIL EMERGENCY MANAGEMENT:</u> Disaster Recovery Disaster Recovery Disaster Recovery	N/A N/A N/A	FEMA-4222-DR-OK PW 707 FEMA-4222-DR-OK PW 708 FEMA-4222-DR-OK PW 709	7,941 2,629 2,934	7,941 2,629 2,934
<u>OKLAHOMA DEPARTMENT OF LIBRARIES:</u> State Aid 2022	N/A	N/A	4,520	4,520
TOTAL STATE AWARDS			\$ 58,479	\$ 58,479

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

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 City Council of the
City of Henryetta, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Henryetta, Oklahoma (the "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 11, 2022. Our report included an emphasis of matter paragraph related to the City's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We issued an adverse opinion on the aggregate discretely presented component unit.

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 City of City's internal control. Accordingly, we do not express an opinion on the effectiveness of 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.

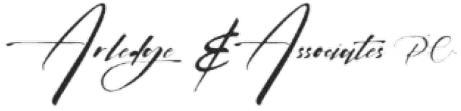
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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 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.



Edmond, Oklahoma
November 11, 2022

