



CITY OF  
**Anadarko** OK

# CITY OF ANADARKO, OKLAHOMA

## ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2023



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**City Council**

Kelley McGlothlin	Mayor
Rick Moore	Vice Mayor
Jayne Miller	Ward 1
Patrick Redbird	Ward 2
Matt Tselee	Ward 3
Carla Alexander	Ward 4
Vacant	Ward 5

**Management**

Richard Rogalski	City Manager
Regina Jones	City Clerk

**City Hall**

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Anadarko, OK 73005  
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**INDEPENDENT AUDITOR'S REPORT**



**HINKLE &  
COMPANY**  
Strategic <sup>PC</sup>  
Business Advisors

## Independent Auditor's Report

City Council  
City of Anadarko  
Anadarko, Oklahoma

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the modified cash basis 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 the City of Anadarko, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Anadarko's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Anadarko as of June 30, 2023, and the respective changes in financial position-modified cash basis and, where applicable, cash flows, thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1C.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Anadarko 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 1C of the financial statements, which describes the basis of accounting. The financial statements are prepared on the 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.

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***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1C, and for determining that the 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 GAAS 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 GAAS, we:

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

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



**Other Matters**

**Required Supplementary Information**

Management has omitted management's discussion and analysis and accrual basis budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Anadarko's basic financial statements. The combining, individual nonmajor fund financial statements, modified cash basis budgetary schedules, and schedule of expenditures of federal awards and notes to the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, modified cash basis budgetary comparison schedules, and schedule of expenditures of federal awards and notes to the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 and budgetary schedules of the use of modified cash basis of accounting 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 April 26, 2024 on our consideration of the City of Anadarko's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 of Anadarko's internal control over financial reporting and compliance.

*Hick & Company, PC*

Tulsa, Oklahoma  
April 26, 2024





## **BASIC FINANCIAL STATEMENTS**



**Statement of Net Position (Modified Cash Basis) – June 30, 2023**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 4,378,574	\$ 4,414,493	\$ 8,793,067
Due from other governments	26,041	-	26,041
Inventory	14,264	429,576	443,840
Note receivable, current portion	1,979	-	1,979
Total current assets	<u>4,420,858</u>	<u>4,844,069</u>	<u>9,264,927</u>
Non-current assets			
Restricted assets:			
Cash and cash equivalents	-	1,372,002	1,372,002
Investments	372,753	-	372,753
Note receivable, non-current portion	77,777	-	77,777
Capital assets, net of depreciation	4,356,688	11,411,783	15,768,471
Total non-current assets	<u>4,807,218</u>	<u>12,783,785</u>	<u>17,591,003</u>
 Total assets	 <u>9,228,076</u>	 <u>17,627,854</u>	 <u>26,855,930</u>
<b>Liabilities:</b>			
Current liabilities			
Customer advance payments	1,143	138,544	139,687
Unearned revenue	570,654	-	570,654
Notes payable, current portion	-	440,000	440,000
Total current liabilities	<u>571,797</u>	<u>578,544</u>	<u>1,150,341</u>
Noncurrent liabilities			
Meter deposit liability	-	491,708	491,708
Notes payable, noncurrent	-	7,612,450	7,612,450
Total noncurrent liabilities	<u>-</u>	<u>8,104,158</u>	<u>8,104,158</u>
 Total liabilities	 <u>571,797</u>	 <u>8,682,702</u>	 <u>9,254,499</u>
<b>Net Position:</b>			
Net investment in capital assets	4,356,688	3,853,140	8,209,828
Restricted for debt service	-	425,411	425,411
Restricted by enabling legislation	440,592	-	440,592
Unrestricted	3,858,999	4,666,601	8,525,600
Total net position	<u>\$ 8,656,279</u>	<u>\$ 8,945,152</u>	<u>\$ 17,601,431</u>

See accompanying notes to the basic financial statements.

**Statement of Activities (Modified Cash Basis) – Year Ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Grants and Donations		Governmental Activities	Business-type Activities	Total
			Capital	Operating			
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 524,743	\$ 61,831	\$ 894,423	\$ -	\$ 431,511	\$ -	\$ 431,511
Public safety	4,050,717	1,495,141	13,279	15,052	(2,527,245)	-	(2,527,245)
Street and alley	406,298	-	-	-	(406,298)	-	(406,298)
Cemetery	105,699	-	-	-	(105,699)	-	(105,699)
Culture and recreation	481,608	70,808	231,994	16,655	(162,151)	-	(162,151)
Total governmental activities	5,569,065	1,627,780	1,139,696	31,707	(2,769,882)	-	(2,769,882)
<b>Business-type activities:</b>							
Electric	4,337,977	5,914,178	-	-	-	1,576,201	1,576,201
Water	1,405,029	1,479,606	-	-	-	74,577	74,577
Wastewater	780,935	724,484	-	-	-	(56,451)	(56,451)
Sanitation	799,036	948,127	-	-	-	149,091	149,091
Utility administration	804,149	182,537	-	-	-	(621,612)	(621,612)
Emergency management	87,658	-	-	-	-	(87,658)	(87,658)
Airport	16,827	-	-	-	-	(16,827)	(16,827)
Total business-type activities	8,231,611	9,248,932	-	-	-	1,017,321	1,017,321
<b>Total primary government</b>	<b>\$ 13,800,676</b>	<b>\$ 10,876,712</b>	<b>\$ 1,139,696</b>	<b>\$ 31,707</b>	<b>\$ (2,769,882)</b>	<b>\$ 1,017,321</b>	<b>\$ (1,752,561)</b>
General revenues:							
Taxes:							
Sales and use					3,293,165	-	3,293,165
Franchise					127,507	-	127,507
Intergovernmental					171,461	-	171,461
Investment income					50,186	83,367	133,553
Miscellaneous					245,015	31,433	276,448
Transfers in (out)					(334,216)	334,216	-
Total general revenues					3,553,118	449,016	4,002,134
Change in net position					783,236	1,466,337	2,249,573
Net position - beginning					7,873,043	7,478,815	15,351,858
Net position - ending					\$ 8,656,279	\$ 8,945,152	\$ 17,601,431

See accompanying notes to the basic financial statements.

**Governmental Funds Balance Sheet (Modified Cash Basis) – June 30, 2023**

	<b>General Fund</b>	<b>Permanent City Investments</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 3,473,106	\$ 90,516	\$ 814,952	\$ 4,378,574
Investments	-	360,036	12,717	372,753
Due from other governments	26,041	-	-	26,041
Inventory	14,264	-	-	14,264
Notes receivable	-	-	79,756	79,756
Total assets	<u>\$ 3,513,411</u>	<u>\$ 450,552</u>	<u>\$ 907,425</u>	<u>\$ 4,871,388</u>
<b>Liabilities and Fund balances:</b>				
<b>Liabilities:</b>				
Court bonds payable	\$ 1,143	\$ -	\$ -	\$ 1,143
Unearned revenue	570,654	-	-	570,654
Total liabilities	<u>571,797</u>	<u>-</u>	<u>-</u>	<u>571,797</u>
<b>Fund Balances:</b>				
Nonspendable	14,264	500,000	-	514,264
Restricted	-	-	440,592	440,592
Unrestricted				
Committed	845,701	-	-	845,701
Assigned	1,313,673	-	466,833	1,780,506
Unassigned	767,976	(49,448)	-	718,528
Total fund balances	<u>2,941,614</u>	<u>450,552</u>	<u>907,425</u>	<u>4,299,591</u>
Total liabilities and fund balances	<u>\$ 3,513,411</u>	<u>\$ 450,552</u>	<u>\$ 907,425</u>	<u>\$ 4,871,388</u>

See accompanying notes to the basic financial statements.

**Governmental Funds Statement of Revenues, Expenditures and Change in Fund Balances (Modified Cash Basis) – Year Ended June 30, 2023**

	General Fund	Permanent City Investments	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 3,410,469	\$ -	\$ 10,203	\$ 3,420,672
Intergovernmental	171,461	-	-	171,461
Licenses and permits	61,831	-	-	61,831
Grants	956,309	-	-	956,309
Charges for services	63,139	-	7,669	70,808
Ambulance	623,088	-	209,669	832,757
Fines and forfeitures	36,519	-	-	36,519
Public safety fee	625,865	-	-	625,865
Donations	202,731	-	12,363	215,094
Investment earnings (loss)	40,425	5,220	4,541	50,186
Miscellaneous	245,015	-	-	245,015
Total Revenues	6,436,852	5,220	244,445	6,686,517
<b>Expenditures:</b>				
General government	357,527	-	2,298	359,825
Administration	33,673	-	-	33,673
Cemetery	102,981	-	-	102,981
Fire and ambulance	1,779,501	-	152,681	1,932,182
Municipal court	76,421	-	-	76,421
Police	1,829,877	-	-	1,829,877
Planning/inspection	116,072	-	-	116,072
Parks department	297,675	-	-	297,675
Library	152,826	-	-	152,826
Streets	286,850	-	-	286,850
Museum	9,613	-	-	9,613
Capital outlay	302,827	-	-	302,827
Total expenditures	5,345,843	-	154,979	5,500,822
Excess (deficit) of revenues over expenditures	1,091,009	5,220	89,466	1,185,695
<b>Other financing sources (uses):</b>				
Transfer from other funds	408,772	-	-	408,772
Transfer to other funds	(742,988)	-	-	(742,988)
Total other financing sources (uses)	(334,216)	-	-	(334,216)
<b>Net change in fund balance</b>	756,793	5,220	89,466	851,479
<b>Fund balance - beginning</b>	2,184,821	445,332	817,959	3,448,112
<b>Fund balance - ending</b>	\$ 2,941,614	\$ 450,552	\$ 907,425	\$ 4,299,591

See accompanying notes to the basic financial statements.

**Reconciliation of Governmental Funds and Government-Wide Financial Statements:**

**Fund balances of governmental funds** **\$ 4,299,591**

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities of \$8,405,464, net of accumulated depreciation of \$4,048,776 are not financial resources and, therefore, are not reported in the funds. 4,356,688

**Net position of governmental activities** **\$ 8,656,279**

**Net changes in fund balances - total governmental funds** **\$ 851,479**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital assets purchased with cash	300,327
Loss on disposition of capital assets	(3,710)
Depreciation expense	(364,860)
	<u>(68,243)</u>

**Change in net position of governmental activities** **\$ 783,236**

See accompanying notes to the basic financial statements.

**Proprietary Funds Statement of Net Position (Modified Cash Basis) – June 30, 2023**

	<u>Anadarko Public Works Authority</u>	<u>Nonmajor Airport</u>	<u>Total</u>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 4,375,849	\$ 38,644	\$ 4,414,493
Inventory	429,576	-	429,576
Total current assets	<u>4,805,425</u>	<u>38,644</u>	<u>4,844,069</u>
Noncurrent assets:			
Restricted cash and cash equivalents	1,372,002	-	1,372,002
Capital assets, net	11,167,272	244,511	11,411,783
Total noncurrent assets	<u>12,539,274</u>	<u>244,511</u>	<u>12,783,785</u>
Total assets	<u>17,344,699</u>	<u>283,155</u>	<u>17,627,854</u>
<b>Liabilities</b>			
Current liabilities:			
Customer advance payments	138,544	-	138,544
Notes payable - current portion	440,000	-	440,000
Total current liabilities	<u>578,544</u>	<u>-</u>	<u>578,544</u>
Noncurrent liabilities:			
Customer deposits	491,708	-	491,708
Notes payable - noncurrent portion	7,612,450	-	7,612,450
Total noncurrent liabilities	<u>8,104,158</u>	<u>-</u>	<u>8,104,158</u>
Total liabilities	<u>8,682,702</u>	<u>-</u>	<u>8,682,702</u>
<b>Net Position</b>			
Net investment in capital assets	3,608,629	244,511	3,853,140
Restricted for debt service	425,411	-	425,411
Unrestricted	4,627,957	38,644	4,666,601
Total net position	<u>\$ 8,661,997</u>	<u>\$ 283,155</u>	<u>\$ 8,945,152</u>

See accompanying notes to the basic financial statements.

**Proprietary Fund Statement of Revenues, Expenses and Change in Net position (Modified Cash Basis) –  
Year Ended June 30, 2023**

	<u>Anadarko Public Works Authority</u>	<u>Nonmajor</u>	
		<u>Airport</u>	<u>Total</u>
<b>Operating revenues:</b>			
Charges for sales and services:			
Electric	\$ 5,914,178	\$ -	\$ 5,914,178
Water	1,479,606	-	1,479,606
Wastewater	724,484	-	724,484
Sanitation	948,127	-	948,127
Capital improvement fee	86,562	-	86,562
Penalties	95,975	-	95,975
Miscellaneous	31,433	-	31,433
Total operating revenues	<u>9,280,365</u>	<u>-</u>	<u>9,280,365</u>
<b>Operating expenses:</b>			
Electric	4,062,473	-	4,062,473
Water/wastewater	310,046	-	310,046
Water	364,614	-	364,614
Water plant	297,809	-	297,809
Wastewater treatment	264,963	-	264,963
Sanitation	799,036	-	799,036
Public trust	447,850	-	447,850
Utility services	665,377	-	665,377
Special maintenance	15,757	-	15,757
Emergency management	68,233	-	68,233
Depreciation	642,837	16,827	659,664
Total operating expenses	<u>7,938,995</u>	<u>16,827</u>	<u>7,955,822</u>
Operating income (loss)	<u>1,341,370</u>	<u>(16,827)</u>	<u>1,324,543</u>
<b>Nonoperating revenue (expense):</b>			
Transfer in (out), net	334,216	-	334,216
Interest and fees expense	(275,789)	-	(275,789)
Investment income	83,367	-	83,367
Total nonoperating revenue (expense)	<u>141,794</u>	<u>-</u>	<u>141,794</u>
<b>Change in net position</b>	1,483,164	(16,827)	1,466,337
<b>Net position - beginning</b>	<u>7,178,833</u>	<u>299,982</u>	<u>7,478,815</u>
<b>Net position - ending</b>	<u>\$ 8,661,997</u>	<u>\$ 283,155</u>	<u>\$ 8,945,152</u>

See accompanying notes to the basic financial statements.



**Proprietary Fund Statement of Cash Flows (Modified Cash Basis) – Year Ended June 30, 2023**

	<u>Nonmajor</u>		
	<u>Anadarko Public Works Authority</u>	<u>Airport</u>	
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 9,335,841	\$ -	\$ 9,335,841
Payments to suppliers	(5,948,059)	-	(5,948,059)
Payments to or on behalf of employees	(1,336,788)	-	(1,336,788)
Net cash provided by operating activities	<u>2,050,994</u>	<u>-</u>	<u>2,050,994</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfers to other funds	(43,890)	-	(43,890)
Net cash flows used by noncapital financing activities	<u>(43,890)</u>	<u>-</u>	<u>(43,890)</u>
<b>Cash flows from capital and related financing activities:</b>			
Purchases of capital assets	(2,282,979)	-	(2,282,979)
Principal paid on capital debt	(556,775)	-	(556,775)
Interest and fees paid on capital debt	(275,789)	-	(275,789)
Capital transfers from other funds	378,107	-	378,107
Net cash used by capital and related financing activities	<u>(2,737,436)</u>	<u>-</u>	<u>(2,737,436)</u>
<b>Cash flows from investing activities</b>			
Interest and dividends	83,367	-	83,367
Net cash provided by investing activities	<u>83,367</u>	<u>-</u>	<u>83,367</u>
<b>Net decrease in cash and cash equivalents</b>	(646,965)	-	(646,965)
<b>Cash and equivalents - beginning of year</b>	6,394,816	38,644	6,433,460
<b>Cash and equivalents - end of year</b>	<u>\$ 5,747,851</u>	<u>\$ 38,644</u>	<u>\$ 5,786,495</u>
<b>Reconciliation to the Statement of Net Position, Modified Cash Basis:</b>			
Cash and cash equivalents	\$ 4,375,849	\$ 38,644	\$ 4,414,493
Restricted cash and cash equivalents	1,372,002	-	1,372,002
	<u>\$ 5,747,851</u>	<u>\$ 38,644</u>	<u>\$ 5,786,495</u>
<b>Reconciliation of operating income to net cash provided:</b>			
Operating income (loss)	\$ 1,341,370	\$ (16,827)	\$ 1,324,543
Adjustments to reconcile operating income to net cash provided by operating activities:			
Increase in customer deposits	42,801	-	42,801
Increase in customer advance payments	12,675	-	12,675
Decrease in inventory	11,311	-	11,311
Depreciation expense	642,837	16,827	659,664
Net cash provided by operating activities	<u>\$ 2,050,994</u>	<u>\$ -</u>	<u>\$ 2,050,994</u>

See accompanying notes to the basic financial statements.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

As discussed further in Note 1.C, these financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and constraints of the measurement and recognition criteria of the modified cash basis of accounting.

#### A. Financial Reporting Entity

The City's financial reporting entity comprises the following:

Primary Government: City of Anadarko

Blended Component Units: Anadarko Public Works Authority

Anadarko Economic Development Authority

##### *Primary Government*

The City of Anadarko's primary government is a general-purpose local government formed as a statutory City form of municipal government under the laws of the State of Oklahoma. The governing body is a seven-member City Council, with the mayor serving as the head of the City government for all ceremonial purposes and has other powers, duties, and functions as prescribed by law or ordinance and is elected by the City Council. The City operates the general government activities of the community, including police and fire protection, street and road maintenance, municipal cemetery operation, parks and other culture and recreation, and various administrative functions.

##### *Blended Component Unit*

A *blended component unit* is a separate legal entity for which the elected officials of the primary government are financially accountable and that meets the blended component unit criteria. A blended component unit meets at least one of the following criteria: (a) the blended component unit's governing body is the same or substantially the same as the City Council, and there is a financial benefit or burden relationship with the City, or City management has operational responsibility for the component unit; (b) the component unit provides services entirely or almost entirely to the City; or (c) the component unit's debt is expected to be repaid entirely or almost entirely with resources of the City. The blended component unit's funds are blended into those of the City by appropriate fund type to constitute the primary government presentation. The City's blended component units are presented subsequently:

<b><i>Component Unit</i></b>	<b><i>Brief Description/Inclusion Criteria</i></b>
Anadarko Public Works Authority (APWA)	A trust that operates the water, sewer, and sanitation services for the City. The City is the beneficiary of the APWA. The City Council also serves as the governing body for the APWA. Debt issued by the Authority requires two-thirds approval of the City Council.
Anadarko Economic Development Authority (AEDA)	A trust that promotes economic growth and development within the City. The City is the beneficiary of the AEDA. The City Council also serves as the governing body for the AEDA. Debt issued by the Authority requires two-thirds approval of the City Council.

The component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. A Public Trust (Trust) has no taxing power. The Trust is 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 Trust. The Trust generally retains title to assets which are acquired or constructed with the Trust debt or other Trust generated resources. In addition, the City has leased certain existing assets at the creation for the Trust to the Trustees on a long-term basis. The City, as beneficiary of the Public Trust, receives title to any residual assets when a Public Trust is dissolved.

**B. Basis of Presentation**

*Government-Wide Financial Statements*

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole within the limitations of the modified cash basis of accounting. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed, in whole or in part, by fees charged to external parties for goods and services.

*Fund Financial Statements*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position or fund balance, revenues, and expenditures or expenses. The City's funds are organized into two main categories: governmental and proprietary. The City presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a) Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures or expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of the category or type.
- b) Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures or expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described subsequently:

**Governmental Funds**

**General Fund**

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

**Capital Project Funds**

Capital project funds are used to account for and report financial resources restricted, committed, or assigned for capital outlays, including the acquisition or construction of specific capital facilities or other capital items. The City includes the following capital project funds that are reported as a non-major funds:

<b><i>Fund</i></b>	<b><i>Brief Description</i></b>
Sales Tax Capital Improvement Fund	Accounts for the residual of sales tax receipts that were restricted for capital improvement
WFEC Capital Projects Fund	Accounts for the residual of receipts from the WFEC that were designated for capital improvements.
Cemetery Care Fund	Funded by 12.5% revenue from lot sales and interments, constrained to a separate fund by State statute to be used for purchasing cemetery land or making cemetery capital improvements. Interest earnings may be used for cemetery care and maintenance.

**Special Revenue Funds**

Special revenue funds are used to account for and report the proceeds of the specific revenue sources that are either restricted or committed to expenditures for specific purposes other than debt service or capital projects. The following special revenue funds, are reported as non-major funds:

<i><b>Fund</b></i>	<i><b>Brief Description</b></i>
E-911 Fund	Accounts for funds received from the State of Oklahoma pursuant to the Oklahoma 9-1-1 Management Authority Act and any money otherwise collected for emergency telephone systems.
Paramedic Program	Accounts for the receipt of a portion of the ad valorem taxes levied for the Caddo County EMS District restricted for emergency medical services.

**Permanent Fund**

Permanent funds are used to account for and report financial resources that are restricted to the extent that only the earnings, and not principal, may be used for purposes the support the City’s programs – that is, for the benefit of its citizenry. The following fund is reported as a major fund:

<i><b>Fund</b></i>	<i><b>Brief Description</b></i>
City Investments Fund	Accounts for a permanent corpus originating from the lease of a municipal hospital. Investments earnings may be transferred to the general fund.

**Proprietary Funds**

**Enterprise Fund**

Enterprise funds 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 income measurement similar to the private sector. The reporting entity includes the following enterprise fund that is reported as a major fund:

<i><b>Fund</b></i>	<i><b>Brief Description</b></i>
Anadarko Public Works Authority Fund	Accounts for the activities of the APWA public trust, a blended component unit, in providing electric, water, wastewater, sanitation and electric services to the public.

The following enterprise fund is reported as a non-major fund:

<i><b>Fund</b></i>	<i><b>Brief Description</b></i>
Anadarko Economic Development Authority Fund	Accounts for the activities of the AEDA public trust, in providing services to improve economic growth and development of the City.

### **C. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

#### *Measurement Focus*

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as subsequently defined in item (b).

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus, as applied to the modified cash basis of accounting is used as appropriate:

- a) All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b) The proprietary fund utilizes an economic resources measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

#### *Basis of Accounting*

The financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statement of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) are not recorded in these financial statements. In addition, other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the City utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented in accordance with the accrual basis of accounting.

**D. Financial Position**

**Cash and Cash Equivalents**

For the purpose of financial reporting, cash and cash equivalents include all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of six months or less. Trust account investments in open-ended mutual fund shares are also considered cash equivalents.

**Investments**

Investments classified in the financial statements consist of certificates of deposit acquired with cash whose original maturity term exceeds six months. Investments are carried at a cost which approximates fair value.

**Due from Other Funds or Governments**

Receivables and payables to other funds or governments arising from cash transactions or events are recorded in the financial statements as a modification to the cash basis of accounting.

**Inventories**

Inventories acquired resulting from an outflow of cash are recorded as assets in the financial statements until placed into use. Inventories consist of material and supplies used in electric, water and wastewater line maintenance.

**Capital Assets**

The City's modified cash basis of accounting reports capital assets resulting from cash transactions or events and reports depreciation, when appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund and similar discretely presented component unit operations and whether they are reported in the government-wide or fund financial statements.

*Government-wide Statements*

In the government-wide financial statements, capital assets arising from cash transactions or events are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to July 1, 2001. Prior to July 1, 2001, governmental fund infrastructure assets were not capitalized. Infrastructure assets acquired since July 1, 2001 are recorded at cost.

Depreciation of all exhaustible capital assets arising from cash transactions or events is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the asset estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$1,000 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

- |                                      |             |
|--------------------------------------|-------------|
| • Buildings                          | 25-50 years |
| • Improvements other than buildings  | 5-50 years  |
| • Infrastructure                     | 5-100 years |
| • Vehicles, equipment, and furniture | 3-20 years  |
| • Utility systems                    | 25-50 years |

*Fund Financial Statements*

In the fund financial statements, capital assets arising from cash transactions or events acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

### **Long-term Debt**

All long-term bonds, notes, and other debt arising from cash transactions or events to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements.

Long-term debt arising from cash transactions or events of governmental funds is not reported as liabilities in the governmental fund financial statements. The debt proceeds are reported as other financing sources, and payment of principal and interest is reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

### **Net Position/Fund Balance Classifications**

#### *Government-wide Statements*

Net position is classified and displayed in three components:

1. **Net investment in capital assets** – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. **Restricted** – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
3. **Unrestricted** – Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the City's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

#### *Fund Financial Statements*

#### Governmental Funds

The difference among assets, deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. These constraints are defined as follows:

- **Nonspendable** – Amounts that cannot be spent because they either are not in spendable form or are legally or contractually required to be maintained intact.
- **Restricted** – Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.
- **Committed** – Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the City's highest level of decision-making authority (In the City of Anadarko's case, commitments are evidenced by adoption of an ordinance by the City Council.)
- **Assigned** – Amounts constrained by the City's intent to be used for specific purposes but that are neither restricted nor committed. (In the case of the City of Anadarko, assignments are evidenced by resolution of the City Council)
- **Unassigned** – The residual classification of the General Fund for spendable amounts that have not been restricted, committed, or assigned to specific purposes.



It is the City's policy to first use restricted fund balances prior to the use of unrestricted fund balances when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. It is also the City's policy to use committed fund balance before assigned fund balances and assigned fund balances before unassigned amounts when an expenditure is incurred for purposes for which amounts in those classification are available to be used.

The City has no formal minimum fund balance policies or any formal stabilization arrangements in place.

#### Proprietary Funds

The difference among assets, deferred outflows of resources, liabilities, and deferred inflows of resources of proprietary funds is reported as net position and classified in the same manner as the government-wide financial statements, as previously described.

### **E. Revenues, Expenditures, and Expenses**

#### *Sales tax*

The City has levied a sales tax of 3.5 cents on each dollar of taxable sales within the City, to be used for general purposes. 1.5 cents of the sales tax has been pledged as security for the APWA Sales Tax Revenue Note, Series 2013, if needed.

#### *Property tax*

Under State statutes, municipalities are limited in their ability to levy property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by the voters and any court-assessed judgments. For the year ended June 30, 2023, the City did not levy any property taxes.

#### *Program revenues*

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

- General government – licenses and permits
- Public Safety – fine revenue, ambulance receipts from insurance billings for services, fire services, specific donations, and operating and capital grants
- Cemetery – grave openings/closing fees and lot sales
- Culture and recreation – rental income, library fines, grants, and specific donations

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

#### *Operating Revenues and Expenses*

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

### **F. Internal and Interfund Balances and Activities**

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

#### *Fund Financial Statements*

Interfund activity resulting from cash transactions or events, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

- a) *Interfund loans* – Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
- b) *Interfund services* – Sales or purchases of goods and services between funds are reported as revenues and expenditures or expenses.
- c) *Interfund reimbursements* – Repayments from funds responsible for certain expenditures or expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures or expenses in the respective funds.
- d) *Interfund transfers* – Flow of assets from one fund to another when repayment is not expected and reported as transfers in and out.

*Government-wide Financial Statements*

Interfund activity and balances resulting from cash transactions or events, if any, are eliminated or reclassified in the government-wide financial statements as follows:

- a) *Internal balances* – Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the “Governmental” and “Business-Type Activities” columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
- b) *Internal activities* – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities, except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers-Internal Activities. The effects of interfund services between funds, if any are not eliminated in the Statement of Activities.

**G. Use of Estimates**

The preparation of financial statements in accordance with the modified cash basis of accounting used by the City requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

**2. Stewardship, Compliance and Accountability**

By its nature as a local government unit, the City and its component units are subject to various federal, state, and local laws and contractual regulations.

**3. Detail Notes – Transaction Classes and Accounts**

**A. Cash and Investments**

For the year ended June 30, 2023, the City recognized \$133,553 of investment income. At June 30, 2023, the primary government held the following deposits and investments:

<u>Type</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Carrying Value</u>	<u>Maturities in Years</u>		
				<u>On Demand</u>	<u>Less than one</u>	<u>1-5</u>
Cash on hand	\$ 750	\$ 3,316	\$ 4,066	\$ 4,066	\$ -	\$ -
Demand deposits	4,377,824	4,773,445	9,151,269	9,151,269	-	-
Timed deposits	372,753	-	372,753	-	-	372,753
Government money market funds	-	1,009,734	1,009,734	-	1,009,734	-
<b>Total deposits</b>	<b>\$ 4,751,327</b>	<b>\$ 5,786,495</b>	<b>\$ 10,537,822</b>	<b>\$ 9,155,335</b>	<b>\$ 1,009,734</b>	<b>\$ 372,753</b>

**Reconciliation to the statement of net position:**

Cash and cash equivalents	\$ 4,378,574	\$ 4,414,493	\$ 8,793,067
Restricted cash and cash equivalents	-	1,372,002	1,372,002
Investments	372,753	-	372,753
<b>Total</b>	<b>\$ 4,751,327</b>	<b>\$ 5,786,495</b>	<b>\$ 10,537,822</b>

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, the government 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 a counterparty or a counterparty's trust, department or agent, but not in the government's name.

The City's policy requires that all deposits and investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits or investments. As of June 30, 2023 all of the City's deposits and investments were either covered by federal deposit insurance or were fully collateralized.

*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 Council monitors the investment performance on an ongoing basis to limit the City's interest rate risk. As of June 30, 2023, the City's deposits consisted of demand deposits, certificates of deposit, and investments in a money market fund targeting short term US Treasuries.

*Investment Credit Risk* – The City follows the Oklahoma state statutes 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 government money market funds regulated by the SEC. These investment limitations do not apply to the City's public trusts. As of June 30, 2023, the City did not hold any securities with credit ratings.

*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 policy regarding concentration of credit risk. At June 30, 2023, the City had no concentration of credit risk as defined above.

*Restricted Cash and Investments* – The amounts reported as restricted assets on the statement of net position are comprised of amounts restricted for debt service.

**B. Restricted Assets**

The amounts reported as restricted assets comprise amounts held by the APWA for capital projects of \$493,807, utility deposits (refunded upon termination of service or applied to final bill) of \$388,581 and the amount of mutual funds held in trustee accounts on behalf of the promissory note trust accounts in the amount of \$489,614.

**C. Capital Assets**

Capital asset activity resulting from modified cash basis transactions or events for the fiscal year ended June 30, 2023, was as follows:

	<u>Balance at</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at</u> <u>June 30, 2023</u>
<b>Governmental:</b>				
Capital assets not being depreciated:				
Land	\$ 384,213	\$ -	\$ -	\$ 384,213
Total capital assets not being depreciated:	<u>384,213</u>	<u>-</u>	<u>-</u>	<u>384,213</u>
Capital assets being depreciated:				
Buildings/improvements	1,151,490	-	-	1,151,490
Vehicles, equipment & furniture	4,544,655	300,327	83,057	4,761,925
Infrastructure	2,107,836	-	-	2,107,836
Total capital assets being depreciated	<u>7,803,981</u>	<u>300,327</u>	<u>83,057</u>	<u>8,021,251</u>
Less accumulated depreciation:				
Buildings/improvements	408,070	39,375	-	447,445
Vehicles, equipment & furniture	2,591,652	278,028	79,347	2,790,333
Infrastructure	763,541	47,457	-	810,998
Total accumulated depreciation	<u>3,763,263</u>	<u>364,860</u>	<u>79,347</u>	<u>4,048,776</u>
Governmental, net capital assets	<u>\$ 4,424,931</u>	<u>\$ (64,533)</u>	<u>\$ 3,710</u>	<u>\$ 4,356,688</u>
<b>Business-type</b>				
Capital assets not being depreciated:				
Land	\$ 91,334	\$ -	\$ -	\$ 91,334
Construction in progress	235,265	2,293,004	135,686	2,392,583
Total capital assets not being depreciated:	<u>326,599</u>	<u>2,293,004</u>	<u>135,686</u>	<u>2,483,917</u>
Capital assets being depreciated:				
Buildings/improvements	764,289	-	-	764,289
Utility systems and infrastructure	21,364,760	135,686	-	21,500,446
Vehicles, equipment & furniture	4,920,791	9,000	19,025	4,910,766
Total capital assets being depreciated	<u>27,049,840</u>	<u>144,686</u>	<u>19,025</u>	<u>27,175,501</u>
Less accumulated depreciation				
Buildings/improvements	366,835	31,479	-	398,314
Utility systems and infrastructure	13,227,099	452,024	-	13,679,123
Vehicles, equipment & furniture	3,994,037	176,161	-	4,170,198
Total accumulated depreciation	<u>17,587,971</u>	<u>659,664</u>	<u>-</u>	<u>18,247,635</u>
Business-type, net capital assets	<u>\$ 9,788,468</u>	<u>\$ 1,778,026</u>	<u>\$ 154,711</u>	<u>\$ 11,411,783</u>

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

<b>Governmental activities:</b>		<b>Business-type activities:</b>	
General government	\$ 15,173	Electricity	\$ 120,969
Cemetery	2,718	Water	157,259
Fire	113,312	Wastewater	206,412
Police	95,215	Utility administration	138,772
Street and alley	119,448	Emergency management	19,425
Culture and recreation	18,994	Airport	16,827
Total depreciation	<u>\$ 364,860</u>	Total depreciation	<u>\$ 659,664</u>

**D. Debt Service and Coverage Requirements**

For the year ended June 30, 2023, the City's long-term debt changed as follows:

	<u>Balance</u>			<u>Balance</u>	<u>Amount Due</u>
	<u>June 30, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2023</u>	<u>Within One Year</u>
Business-type:					
Notes payable	\$ 8,685,000	\$ -	\$ 560,000	\$ 8,125,000	\$ 440,000
Unamortized premium and discount	(75,775)	-	(3,225)	(72,550)	-
Notes payable	<u>\$ 8,609,225</u>	<u>\$ -</u>	<u>\$ 556,775</u>	<u>\$ 8,052,450</u>	<u>\$ 440,000</u>

At June 30, 2023, the City had the following debt outstanding, arising from cash transactions, to be repaid from business-type activities:

Anadarko Public Works Authority Sales Tax Revenue Note, Series 2013, dated December 13, 2013, in the amount of \$4,395,000 with an interest rate of 2.33%, through the Bank of Oklahoma. The remaining amount is scheduled to be paid in semi-annual installments with a final payment due December 1, 2023.	<u>\$ 250,000</u>
Anadarko Public Works Authority Sales Tax Revenue Note, Series 2019, dated March 20, 2019, in the amount of \$4,135,000 with an interest rate of 4.05%, through the Bank of Oklahoma. The remaining amount is scheduled to be paid in semi-annual installments with a final payment due March 1, 2028.	3,875,000
Anadarko Public Works Authority Utility System Revenue Bonds, Series 2020, dated November 2, 2020, in the amount of \$4,00,000 with an interest rate range of 1.5% to 2.75%, . The remaining amount is scheduled to be paid in semi-annual installments with a final payment due November 1, 2045.	<u>4,000,000</u>
Total to be repaid by business-type activities	<u>\$8,125,000</u>

*Payment Requirements to Maturity:*

Year ended June 30,	Business-type activities	
	Principal	Interest
2024	440,000	251,039
2025	345,000	239,243
2026	350,000	228,968
2027	365,000	218,351
2028	375,000	206,918
2029-2033	2,080,000	840,500
2034-2038	2,465,000	451,531
2039-2043	1,025,000	163,065
2044-2048	680,000	28,462
Total	\$ 8,125,000	\$ 2,628,077

**E. Interfund Transaction**

Interfund transfers for the year ended June 30, 2023 were as follows:

Transfer from	Transfer to	Amount	Nature of Interfund Transfer
* General Fund	* APWA	\$ 504,681	Sales tax - Revenue Notes
* General Fund	* APWA	238,307	Capital acquisitions
* APWA	* General Fund	43,890	Budgetary
* APWA	* General Fund	372,000	Capital acquisitions
		<u>\$ 1,158,878</u>	

\* Represents major fund

Reconciliation to Fund Financial Statements:	Transfers in	Transfers out	Total
Governmental Funds	\$ 408,772	\$ 742,988	\$ (334,216)
Proprietary Funds	750,106	415,890	334,216
Total	<u>\$ 1,158,878</u>	<u>\$ 1,158,878</u>	<u>\$ -</u>

**F. Fund Balances and Net Position**

*Government Wide Financial Statements:*

Net position restrictions at June 30, 2023 were as follows:

Fund	Restricted By	Amount
E-911	State statute	\$ 12,541
Paramedic Program	County tax levy	282,528
Cemetery Care	State statute	117,584
Sales Tax Capital Improvement	Sales tax levy	27,939
APWA	Debt covenants	425,411
Total net position restrictions		<u>\$ 866,003</u>

*Fund Level Financial Statements:*

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Fund Balance:</b>			
<b>Nonspendable:</b>			
Permanent corpus - hospital lease bonus	\$ -	\$ 500,000	\$ 500,000
Inventory	14,264	-	14,264
Permanent corpus - hospital lease bonus	<u>14,264</u>	<u>500,000</u>	<u>514,264</u>
<b>Restricted For:</b>			
Emergency dispatch - state statute	-	12,541	12,541
Emergency services - county tax levy	-	282,528	282,528
Cemetery - state statute	-	117,584	117,584
Capital improvements - sales tax levy	-	27,939	27,939
Sub-total restricted	<u>-</u>	<u>440,592</u>	<u>440,592</u>
<b>Committed for:</b>			
Capital improvements - council ordinance	225,438	-	225,438
Economic development -council ordinance	593,038	-	593,038
Grant expenditures (ARPA)	27,225	-	27,225
Sub-total committed	<u>845,701</u>	<u>-</u>	<u>845,701</u>
<b>Assigned for:</b>			
Donations - council resolution	1,313,673	-	1,313,673
Capital improvements - council resolution	-	40,000	40,000
Economic development -council resolution	-	426,833	426,833
Sub-total assigned	<u>1,313,673</u>	<u>466,833</u>	<u>1,780,506</u>
Unassigned:	767,976	(49,448)	718,528
<b>TOTAL FUND BALANCE</b>	<u><u>\$2,941,614</u></u>	<u><u>\$ 1,357,977</u></u>	<u><u>\$ 4,299,591</u></u>

**4. Other Notes**

**A. Western Farmers Electric Cooperative**

The APWA renewed its contract with the Western Farmers Electric Cooperative (WFEC) on March 13, 2017. Under the agreement, the APWA will purchase electric power and energy from WFEC for distribution specifically to retail customers only in the city limits of Anadarko, OK. The APWA has agreed to pay WFEC based on their MR-14 rate schedule, which is available to municipal distribution systems located within the WFEC member's service territory, for resale to retail customers. The rate is set by the WFEC Board of Trustees and is updated in January each year.

The WFEC has agreed to rebate 2.5% of the gross amount paid by APWA on the anniversary of the agreement to be used for community betterment projects.

**B. Tax Abatements**

On July 1, 2015, AEDA entered into a Sales Tax Agreement with a real estate developer to reimburse up to \$550,000 of the cost of rehabilitating and reopening a shopping center by means of a sales tax rebate of additional incremental sales tax generated by the project, calculated as 75% of the 2% undedicated sales tax attributable to the incremental increase. The agreement remains in force for 15 years or until the maximum payout is reached.



**C. Risk Management**

The City and its public trust are 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. These risks are managed by securing commercial insurance for all risks except workers' compensation. Management believes such insurance coverage is sufficient to preclude any significant uninsured losses. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years. The deductibles for each line of coverage are as follows:

General liability, including property	\$0 - \$5,000 per occurrence
Automobile liability	\$0

The City participated in the Oklahoma Municipal Assurance Group's (OMAG) Workmen's Compensation Plan.

The OMAG Workers' Compensation Plan (the Plan) became effective October 1, 1984. The purpose of the Plan is to provide workers' compensation coverage through the State Insurance Fund to participating municipalities in the State of Oklahoma. In that capacity, the Plan is responsible for providing loss control services and certain fiscal activities including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to it during the plan year. A plan year normally begins at 12:01 am on July 1, in any year and ends at Midnight June 30, of the following calendar year. The Plan, or its designated agent, has a right to audit at all reasonable times such books and records of the participant as necessary to determine the monies owed for benefits provided to the municipality or its employees.

The City has entered into an agreement with the Plan to participate in the coverages and services that the Plan offers. The City has the responsibility to pay fees set by the Plan and to pay those fees from funds appropriated for that purpose according to the established payment schedule. In addition, the City is responsible for complying with all requirements of the Oklahoma Workers Compensation Act. The City has a right to the return of any Loss Funds set aside for claims which have not been paid out in benefits.

The City maintains Loss Fund balances with OMAG in respect to the City's worker's compensation retention. CompSource Oklahoma provides coverage in excess of the City's retention levels so each participant's liability for claim losses is limited to these retention levels. Failure of CompSource Oklahoma to honor its obligations could result in losses to the Plan. However, OMAG's evaluation of the financial condition of CompSource Oklahoma indicates that CompSource Oklahoma is presently financially sound and will be able to meet its contractual obligations.

**D. Employee Retirement Plan Participation**

The city participates in three employee pension systems as follows:

<u>Name of Plan/System</u>	<u>Type of Plan</u>
Oklahoma Police Pension and Retirement Fund (OPPRS)	Cost Sharing Multiple Employer - Defined Benefit Plan
Oklahoma Firefighters Pension and Retirement Fund (OFPRS)	Cost Sharing Multiple Employer - Defined Benefit Plan
City of Anadarko Plan and Trust	Defined Contribution Plan

**Oklahoma Police Pension and Retirement Plan**

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

**Benefits provided** - OPPRS provides retirement, disability, and death benefits to members of the plan.

The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

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

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

**Contributions** - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City in the fiscal year ended June 30, 2023 were \$150,531.

**Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2023, the City's proportionate share of the net pension asset was \$247,917. Due to the modified cash basis of accounting, the City does not report this asset in its financial statements. The net pension asset was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2022. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2022. Based upon this information, the City's proportion was 0.3155 percent.

**Actuarial Assumptions** - The total pension liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	3.5% to 12% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Cost-of-living adjustments:	Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary.

Mortality rates:

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

Active employees (post-retirement):  
RP-2000 Blue Collar Healthy Combined table with fully generational Improvement using scale AA.

Disabled pensioners: Blue Collar Healthy Combined table with age set forward 4 years.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed income	5.11%
Domestic equity	6.80%
International equity	11.45%
Real estate	8.60%
Private equity	11.58%
Commodities	0.00%

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

**Discount Rate** - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPPRS; which can be located at [www.ok.gov/OPPRS](http://www.ok.gov/OPPRS) .

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**Oklahoma Firefighters Pension and Retirement Fund**

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

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

Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee’s final average compensation times the employee’s years of service and have reached the age of 50 or have completed 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more of service.

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

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

**Contributions** - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees’ annual pay. Contributions to the pension plan from the City were \$137,334.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - At June 30, 2023, the City’s proportionate share of the net pension liability was \$3,739,823. Due to the modified cash basis of accounting, the City does not recognize this liability in its financial statements. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The City’s proportion of the net pension liability was based on the City’s contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2022. Based upon this information, the City’s proportion was 0.285977 percent.

**Actuarial Assumptions** - The total pension liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	2.75% to 10.50% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP-2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2017, valuations were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed income	20%	4.38%
Domestic equity	47%	7.41%
International equity	15%	9.82%
Real estate	10%	7.70%
Other assets	8%	5.67%

**Discount Rate**-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS; which can be located at [www.ok.gov/fprs](http://www.ok.gov/fprs) .

**The Anadarko Retirement Plan**

The City of Anadarko established the City of Anadarko Plan and Trust (the Plan), a defined contribution plan, effective November 1, 1996, which covers all employees not covered by the police and fire pension plans. Employer contributions for each employee begin vesting after six months of service and are fully vested after five years. If an employee terminates before becoming fully vested, the employee contributions that are forfeited may be used to reduce the City's current period contribution requirements. The authority to establish and amend the provisions of the Plan rests with the city council. The Plan is administered by Standard Retirement Services, Inc. Plan participants must contribute 5% of eligible compensation and the City contributes 13%. For the year ended June 30, 2023, employer contributions were \$156,001.

**E. Compensated Absences**

Permanent, full-time employees accrue vacation days per year as follows:

1-10 years of service	10 days, maximum accrual is 15 days
11-20 years of service	15 days, maximum accrual is 20 days
20+ years of service	20 days, maximum accrual is 25 days

Department heads, with the approval of the City Manager, may extend the maximum accrual time an additional 5 working days to meet the needs of the department. Upon separation, an employee is paid for accrued leave provided s/he has completed six months of employment.

Employees also accrue paid sick leave at the rate of one day per month, and may be accrued, not to exceed 90 days (720 hours). No payment for sick leave is made upon separation from employment for any reason.

Due to the modified cash basis of accounting, the City does not report a liability for compensated absences in its financial statements.

**F. Commitments and Contingencies**

*Litigation:*

From time to time, the City and its public trust may be parties to various legal proceedings or have threatened litigation which normally occurs in the course of municipal governmental operations; however, the City's legal counsel advises that at report date there were no pending issues. State Constitution and statutes provide for the levy of an ad valorem tax over a three-year period by a sinking fund for the payment of any court assessed judgment rendered against the City. (This provision is not available to public trusts.) The City also carries insurance that provides some degree of protection for litigation and legal proceedings.

*Federal and State Award Programs:*

The City of Anadarko participates in various federal or state grant/loan programs from year to year. 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.

**G. Subsequent Events**

Management evaluated events and transactions that occurred after the balance sheet date for potential recognition and disclosure through the date on which the financial statements were available to be issued.

**OTHER INFORMATION**

**Budgetary Comparison Schedule (Modified Cash Basis) – Year Ended June 30, 2023 - UNAUDITED**

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning combined general fund balance</b>	\$ -	\$ -	\$ (71,960)	\$ (71,960)
<b>Resources (inflows)</b>				
Taxes	3,031,842	3,031,842	3,410,469	378,627
Intergovernmental	202,252	202,252	171,461	(30,791)
Grants and donations	-	-	292,515	292,515
Licenses and permits	75,913	75,913	61,831	(14,082)
Charges for services	62,699	62,699	60,114	(2,585)
Ambulance	380,822	380,822	623,088	242,266
Fines and forfeitures	23,746	23,746	36,519	12,773
Public safety fee	652,595	652,595	625,865	(26,730)
Investment income	11,851	11,851	34,443	22,592
Miscellaneous	25,378	25,378	33,044	7,666
Transfer in, net	-	-	(147,681)	(147,681)
<b>Total resources (inflows)</b>	<b>4,467,098</b>	<b>4,467,098</b>	<b>5,201,668</b>	<b>734,570</b>
<b>Amounts available for appropriation</b>	<b>4,467,098</b>	<b>4,467,098</b>	<b>5,129,708</b>	<b>662,610</b>
<b>Charges to appropriations (outflows):</b>				
Administration and general government	282,045	282,045	360,582	(78,537)
Police	1,796,308	1,796,308	1,785,658	10,650
Municipal court	96,581	96,581	76,421	20,160
Fire and ambulance	1,788,901	1,788,901	1,729,515	59,386
Street department	269,497	269,497	202,250	67,247
Planning and inspection	109,920	109,920	116,072	(6,152)
Cemetery	116,265	116,265	102,981	13,284
Parks and museum	250,238	250,238	260,778	(10,540)
Library	179,588	179,588	145,932	33,656
Capital outlay	5,000	5,000	-	5,000
Transfer out	493,760	493,760	521,581	(27,821)
<b>Total charges to appropriations</b>	<b>5,388,103</b>	<b>5,388,103</b>	<b>5,301,770</b>	<b>86,333</b>
<b>Ending general fund balance</b>	<b>\$ (921,005)</b>	<b>\$ (921,005)</b>	<b>\$ (172,062)</b>	<b>\$ 748,943</b>

Reconciliation to Statement of Revenues, Expenditures and Changes in Fund Balances:

<b>General Fund balance, End of Year</b>	<b>\$ 2,941,614</b>
Less funds not included in General Fund for budget purposes:	
Court Fund	(371)
Park Capital Improvement Fund	(10,389)
City Capital Improvements Fund	(943,542)
Armory Fund	(225,438)
Rainy Day Fund	(593,038)
Donations/Grant Fund	(1,313,673)
ARPA Fund	(27,225)
<b>General Fund budgetary fund balance</b>	<b>\$ (172,062)</b>

**Notes to Budgetary Comparison Schedule:**

- The budgetary comparison schedules are reported on the same modified cash basis as governmental funds within the basic financial statements.
- The legal level of appropriation control is the department level within a fund. Transfer appropriations require the Mayor's approval and supplemental appropriations require the City Council's approval.



**Combining Balance Sheet (Modified Cash Basis) – General Fund – June 30, 2023 - UNAUDITED**

	General Fund	Court Fund	Park Capital Improvement	City/CIP Fund	Armory Fund	Rainy Day Fund	Donations/Grant Fund	ARPA Fund	Total Combined General Fund
<b>Assets:</b>									
Cash and cash equivalents	\$ (212,367)	\$ 1,514	\$ 10,389	\$ 943,542	\$ 225,438	\$ 593,038	\$ 1,313,673	\$ 597,879	\$ 3,473,106
Due from other governments	26,041	-	-	-	-	-	-	-	26,041
Inventory	14,264	-	-	-	-	-	-	-	14,264
Total assets	<u>\$ (172,062)</u>	<u>\$ 1,514</u>	<u>\$ 10,389</u>	<u>\$ 943,542</u>	<u>\$ 225,438</u>	<u>\$ 593,038</u>	<u>\$ 1,313,673</u>	<u>\$ 597,879</u>	<u>\$ 3,513,411</u>
<b>Liabilities:</b>									
Court bonds payable	\$ -	\$ 1,143	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,143
Unearned revenue	-	-	-	-	-	-	-	570,654	570,654
Total liabilities	<u>\$ -</u>	<u>\$ 1,143</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 570,654</u>	<u>\$ 571,797</u>
<b>Fund Balances:</b>									
Nonspendable	14,264	-	-	-	-	-	-	-	14,264
Unrestricted									
Committed	-	-	-	-	225,438	593,038	-	27,225	845,701
Assigned	-	-	-	-	-	-	1,313,673	-	1,313,673
Unassigned	(186,326)	371	10,389	943,542	-	-	-	-	767,976
Total fund balances	<u>\$ (172,062)</u>	<u>\$ 371</u>	<u>\$ 10,389</u>	<u>\$ 943,542</u>	<u>\$ 225,438</u>	<u>\$ 593,038</u>	<u>\$ 1,313,673</u>	<u>\$ 27,225</u>	<u>\$ 2,941,614</u>

CITY OF ANADARKO, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2023

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance (Modified Cash Basis) –  
General Fund – Year ended June 30, 2023 – UNAUDITED**

	General Fund	Court Fund	Park Capital Improvement	City/CIP Fund	Armory Fund	Rainy Day Fund	Donations/ Grant Fund	ARPA Fund	Total Combined General Fund
<b>Revenues:</b>									
Taxes	\$ 3,410,469	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,410,469
Intergovernmental	171,461	-	-	-	-	-	-	-	171,461
Licenses and permits	61,831	-	-	-	-	-	-	-	61,831
Grants	292,515	-	-	135,686	-	-	528,108	-	956,309
Charges for services	60,114	-	3,025	-	-	-	-	-	63,139
Ambulance	623,088	-	-	-	-	-	-	-	623,088
Fines and forfeitures	36,519	-	-	-	-	-	-	-	36,519
Public safety fee	625,865	-	-	-	-	-	-	-	625,865
Donations	-	-	-	-	-	-	202,731	-	202,731
Investment earnings	34,443	-	-	-	1,317	1,894	-	2,771	40,425
Miscellaneous	33,044	-	-	-	-	-	211,971	-	245,015
<b>Total Revenues</b>	<b>5,349,349</b>	<b>-</b>	<b>3,025</b>	<b>135,686</b>	<b>1,317</b>	<b>1,894</b>	<b>942,810</b>	<b>2,771</b>	<b>6,436,852</b>
<b>Expenditures:</b>									
General government	347,170	-	-	6,881	-	3,476	-	-	357,527
Administration	13,412	-	-	14,205	6,056	-	-	-	33,673
Cemetery	102,981	-	-	-	-	-	-	-	102,981
Fire and ambulance	1,729,515	-	-	-	-	-	49,986	-	1,779,501
Municipal court	76,421	-	-	-	-	-	-	-	76,421
Police	1,785,658	-	-	-	-	-	44,219	-	1,829,877
Planning/inspection	116,072	-	-	-	-	-	-	-	116,072
Parks department	251,165	-	-	-	-	-	46,510	-	297,675
Library	145,932	-	-	-	-	-	6,894	-	152,826
Streets	202,250	-	-	22,250	-	-	62,350	-	286,850
Museum	9,613	-	-	-	-	-	-	-	9,613
Capital outlay	-	-	-	289,309	-	-	13,518	-	302,827
<b>Total expenditures</b>	<b>4,780,189</b>	<b>-</b>	<b>-</b>	<b>332,645</b>	<b>6,056</b>	<b>3,476</b>	<b>223,477</b>	<b>-</b>	<b>5,345,843</b>
Excess (deficit) of revenues over expenditures	569,160	-	3,025	(196,959)	(4,739)	(1,582)	719,333	2,771	1,091,009
<b>Other financing sources (uses):</b>									
Transfer from other funds	-	-	-	364,882	-	-	43,890	-	408,772
Transfer to other funds	(521,581)	-	-	(221,407)	-	-	-	-	(742,988)
Transfer - intrafund	(147,681)	-	-	132,413	(23,115)	258,465	(220,082)	-	-
<b>Total other financing sources</b>	<b>(669,262)</b>	<b>-</b>	<b>-</b>	<b>275,888</b>	<b>(23,115)</b>	<b>258,465</b>	<b>(176,192)</b>	<b>-</b>	<b>(334,216)</b>
<b>Net change in fund balance</b>	<b>(100,102)</b>	<b>-</b>	<b>3,025</b>	<b>78,929</b>	<b>(27,854)</b>	<b>256,883</b>	<b>543,141</b>	<b>2,771</b>	<b>756,793</b>
<b>Fund balance - beginning</b>	<b>(71,960)</b>	<b>371</b>	<b>7,364</b>	<b>864,613</b>	<b>253,292</b>	<b>336,155</b>	<b>770,532</b>	<b>24,454</b>	<b>2,184,821</b>
<b>Fund balance - ending</b>	<b>\$ (172,062)</b>	<b>\$ 371</b>	<b>\$ 10,389</b>	<b>\$ 943,542</b>	<b>\$ 225,438</b>	<b>\$ 593,038</b>	<b>\$ 1,313,673</b>	<b>\$ 27,225</b>	<b>\$ 2,941,614</b>

**Combining Balance Sheet (Modified Cash Basis) – Non-major Governmental Funds – June 30, 2023 – UNAUDITED**

	<u>SPECIAL REVENUE</u>		<u>CAPITAL PROJECTS</u>			<u>BLENDED</u>	<u>TOTAL</u>
	<u>E-911</u>	<u>Paramedic Program</u>	<u>Cemetery Care</u>	<u>Sales Tax</u>	<u>WFEC</u>	<u>Economic Development Authority</u>	<u>NON-MAJOR FUNDS</u>
				<u>Capital Improvement</u>	<u>Capital Projects</u>		
<b>Assets</b>							
Cash and cash equivalents	\$ 12,541	\$ 282,528	\$ 104,867	\$ 27,939	\$ 40,000	\$ 347,077	\$ 814,952
Investments	-	-	12,717	-	-	-	12,717
Note receivable	-	-	-	-	-	79,756	79,756
	<u>\$ 12,541</u>	<u>\$ 282,528</u>	<u>\$ 117,584</u>	<u>\$ 27,939</u>	<u>\$ 40,000</u>	<u>\$ 426,833</u>	<u>\$ 907,425</u>
<b>Fund Balances</b>							
Fund balances:							
Restricted	\$ 12,541	\$ 282,528	\$ 117,584	\$ 27,939	\$ -	\$ -	\$ 440,592
Unrestricted:							
Assigned	-	-	-	-	40,000	426,833	466,833
Total fund balances	<u>\$ 12,541</u>	<u>\$ 282,528</u>	<u>\$ 117,584</u>	<u>\$ 27,939</u>	<u>\$ 40,000</u>	<u>\$ 426,833</u>	<u>\$ 907,425</u>

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Modified Cash Basis) – Non-major Governmental Funds – Year ended June 30, 2023 – UNAUDITED**

	SPECIAL REVENUE		CAPITAL PROJECTS			BLENDED	TOTAL
	E-911	Paramedic Program	Cemetery Care	Sales Tax Capital Improvement	WFEC Capital Projects	COMPONENT UNIT Economic Development Authority	NON-MAJOR FUNDS
<b>Revenues:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,203	\$ 10,203
Ambulance	-	209,669	-	-	-	-	209,669
Donations	-	-	-	-	-	12,363	12,363
Charges for services	-	-	7,669	-	-	-	7,669
Investment income	-	-	610	-	-	3,931	4,541
Total Revenues	-	209,669	8,279	-	-	26,497	244,445
<b>Expenditures:</b>							
General government	-	-	-	-	-	2,298	2,298
Fire and ambulance	-	152,681	-	-	-	-	152,681
Total expenditures	-	152,681	-	-	-	2,298	154,979
<b>Net change in fund balance</b>	-	56,988	8,279	-	-	24,199	89,466
<b>Fund balance - beginning</b>	12,541	225,540	109,305	27,939	40,000	402,634	817,959
<b>Fund balance - ending</b>	\$ 12,541	\$ 282,528	\$ 117,584	\$ 27,939	\$ 40,000	\$ 426,833	\$ 907,425

**Schedule of Expenditures of Federal Awards**  
Year Ended June 30, 2023

Federal Grantor/Pass Through Agency Grantor/Program Title	Federal ALN Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>FEDERAL AWARDS:</b>			
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed through the Oklahoma Department of Commerce</i>			
Community Development Block Grant	14.228	18223 CDBG 19	\$ 174,435
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Passed through the Oklahoma Office of Management and Enterprise Services</i>			
Disaster Grants = Public Assistance (Presidentially Declared)	97.036	Reimbursement	315,301
<u>U.S. DEPARTMENT OF LABOR</u>			
<i>Passed through the Oklahoma Department of Libraries</i>			
WIOA Adult Program (cluster)	17.258	Anadarko Community Library	3,570
<u>NATIONAL ENDOWMENT FOR THE HUMANITIES</u>			
Grants to States	45.310	Anadarko Community Library	4,895
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed through the Association of South Central Oklahoma Governments</i>			
Highway Planning and Construction	20.205	SPR FFY 2021-01	16,900
Total Federal Awards			<u>\$ 515,101</u>

*See Notes to the Schedule of Expenditures of Federal Awards*

### **Notes to the Schedule of Expenditures of Federal Awards**

**Note A:           Basis of Presentation**

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

**Note B:           Summary of Significant Accounting Policies**

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

**REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS**



**HINKLE &  
COMPANY**  
Strategic PC  
Business Advisors

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards**

City Council  
City of Anadarko  
Anadarko, 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 the City of Anadarko, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the City of Anadarko's basic financial statements, and have issued our report thereon dated April 26, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Anadarko's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Anadarko's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Anadarko'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 may exist that have not been identified.



**Report on Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hick & Company, PC*

Tulsa, Oklahoma  
April 26, 2024

