



ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

THE CITY OF CRESCENT, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORTS
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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CITY OF CRESCENT, OKLAHOMA
ANNUAL FINANCIAL REPORT
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crescent, Oklahoma ("City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Elfrink and Associates, PLLC

Elfrink and Associates, PLLC
Tulsa, Oklahoma
December 15, 2023

CITY OF CRESCENT, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023

As Management of the City of Crescent, we offer readers this narrative overview and analysis of the financial activities of the City of Crescent for the fiscal year ended June 30, 2023. We encourage readers to use this information in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total net position increased by \$290,151 and the assets and deferred outflows of the City exceeded its liabilities and deferred inflows at June 30, 2023, by \$11.6 million (net position). Of this amount, \$741,320 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- At June 30, 2023, the City's governmental funds reported combined ending fund balances of \$4.4 million. Of that amount \$715,626 is available for spending at the government's discretion (unassigned fund balance) of the General Fund. The Crescent Public Works Authority (CPWA) enterprise fund reported an ending net position of \$5.7 million of which \$413,409 is available for spending at the government's discretion (unrestricted net position).
- At the end of fiscal year 2023, unassigned fund balance for the General Fund was 65% of General Fund total revenues. The unrestricted net position of the CPWA was 42% of total CPWA revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

(Unaudited. See accompanying auditor's report.)

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

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

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

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

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

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

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

(Unaudited. See accompanying auditor's report.)

CITY OF CRESCENT, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023

Notes to the Financial Statements

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

Other Information

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

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the primary government, assets and deferred outflows exceeded liabilities and deferred inflows by \$11.6 million at the close of the most recent fiscal year.

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2023	2022		2023	2022		2023	2022	
Current and other assets	\$ 5,323	\$ 4,643	15%	\$ 856	\$ 637	34%	\$ 6,179	\$ 5,280	17%
Capital assets, net	1,429	1,404	2%	9,746	8,501	15%	11,175	9,905	13%
Total assets	<u>6,752</u>	<u>6,047</u>	12%	<u>10,602</u>	<u>9,138</u>	16%	<u>17,354</u>	<u>15,185</u>	14%
Deferred outflows of resources	<u>73</u>	<u>32</u>	128%	<u>442</u>	<u>459</u>	-4%	<u>515</u>	<u>491</u>	5%
Long-term liabilities	86	78	10%	5,293	3,899	36%	5,379	3,977	35%
Other liabilities	809	164	393%	26	23	13%	835	187	347%
Total liabilities	<u>895</u>	<u>242</u>	270%	<u>5,319</u>	<u>3,922</u>	36%	<u>6,214</u>	<u>4,164</u>	49%
Deferred inflows of resources	<u>16</u>	<u>164</u>	-90%	<u>-</u>	<u>-</u>	0%	<u>16</u>	<u>164</u>	-90%
Net position									
Net investment in capital assets	1,415	1,383	2%	5,042	5,194	-3%	6,457	6,577	-2%
Restricted	4,171	3,632	15%	269	226	19%	4,440	3,858	15%
Unrestricted	328	658	-50%	413	255	62%	741	913	-19%
Total net position	<u>\$ 5,914</u>	<u>\$ 5,673</u>	4%	<u>\$ 5,724</u>	<u>\$ 5,675</u>	1%	<u>\$ 11,638</u>	<u>\$ 11,348</u>	3%

The largest portion of the City's net position reflects its investment in capital assets, less any related debt used to acquire those assets that are still outstanding. This year the net investment in capital assets amounted to \$6.5 million.

A portion of the City's net position, \$4.4 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$741,320, may be used to meet the government's ongoing obligations to citizens and creditors.

(Unaudited. See accompanying auditor's report.)

CITY OF CRESCENT, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023

Changes in Net Position

For the year ended June 30, 2023, net position of the primary government changed as follows:

	<u>Governmental Activities</u>		<u>% Inc. (Dec.)</u>	<u>Business-Type Activities</u>		<u>% Inc. (Dec.)</u>	<u>Total</u>		<u>% Inc. (Dec.)</u>
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
Revenues									
Charges for service	\$ 268	\$ 301	-11%	\$ 957	\$ 386	148%	\$ 1,225	\$ 687	78%
Operating grants and contributions	57	49	16%	-	-	-	57	49	16%
Capital grants and contributions	239	-	100%	121	31	290%	360	31	1061%
Taxes	749	598	25%	-	-	-	749	598	25%
Intergovernmental revenue	31	27	15%	-	-	-	31	27	15%
Investment income	37	4	825%	1	1	0%	38	5	660%
Miscellaneous	18	21	-14%	69	8	763%	87	29	200%
Total revenues	1,399	1,000	40%	1,148	426	169%	2,547	1,426	79%
Expenses									
General government	566	439	29%	-	-	-	566	439	29%
Public safety	472	448	5%	-	-	-	472	448	5%
Highways and streets	70	69	1%	-	-	-	70	69	1%
Culture and recreation	97	78	24%	-	-	-	97	78	24%
Water	-	-	-	597	396	51%	597	396	51%
Wastewater	-	-	-	179	21	752%	179	21	752%
Sanitation	-	-	-	240	127	89%	240	127	89%
Ambulance	-	-	-	36	36	0%	36	36	0%
Total expenses	1,205	1,034	17%	1,052	580	81%	2,257	1,614	40%
Excess (deficiency) before transfers	194	(34)	-671%	96	(154)	-162%	290	(188)	-254%
Transfers	47	-	-	(47)	-	-	-	-	-
Change in net position	241	(34)	-809%	49	(154)	-132%	290	(188)	-254%
Beginning net position	5,673	5,707	-1%	5,675	5,829	-3%	11,348	11,536	-2%
Ending net position	\$ 5,914	\$ 5,673	4%	\$ 5,724	\$ 5,675	1%	\$ 11,638	\$ 11,348	3%

Overall, the City's net position increased by 2.6%. However, governmental activities reported a \$240,685 increase, or 4.2%, while the business-type activities had a \$49,466 increase, or 0.9%.

Capital grants and contributions in the governmental activities increased in the current year by approximately \$239,184 (or 100%), due mainly to \$109,184 contributed capital received in the current year, and \$130,000 USDA Community Facilities grant received in the current year.

In the business-type activities, capital grants and contributions increased approximately \$89,574 (or 290%) due to a FEMA grant received in the current year of \$120,774, and a CARES act grant received in the prior year of \$31,200.

(Unaudited. See accompanying auditor's report.)

CITY OF CRESCENT, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023

Governmental Activities

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

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

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
	General government	\$ 566	\$ 439	29%	\$ (440)	\$ (432)
Public safety	472	448	5%	(52)	(125)	-58%
Highways and streets	70	69	1%	(58)	(56)	4%
Culture and recreation	97	78	24%	(91)	(71)	28%
Total	1,205	1,034	17%	\$ (641)	\$ (684)	-6%

Business-type Activities

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

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
	Water	\$ 597	\$ 396	51%	\$ (69)	\$ (215)
Sewer	179	21	752%	126	99	27%
Sanitation	240	127	89%	(36)	(50)	28%
Ambulance	36	36	0%	5	3	67%
Total	\$ 1,052	\$ 580	81%	\$ 26	\$ (163)	116%

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

(Unaudited. See accompanying auditor's report.)

CITY OF CRESCENT, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2023 fiscal year, the governmental funds reported a combined fund balance of \$4.4 million, a 4.1% increase from the prior year. The enterprise fund reported net position of \$5.7 million, a 0.9% increase from the prior year.

Other fund highlights include:

- For the year ended June 30, 2023, the General Fund's total fund balance increased by \$129,715 or 3.1%.
- The Crescent Public Works Authority reported an increase in total net position, after transfers, of \$49,466, or .87%, for the year.

General Fund Budgetary Highlights

For the year ended June 30, 2023 the General Fund reported actual revenues and transfers in over final estimates by \$47,670 a 4.9% positive variance. General fund actual expenditures and transfers out were under final appropriations by \$65,505, a 6.7% positive variance.

CAPITAL ASSETS & DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2023, the City had approximately \$11.2 million invested in capital assets including land, buildings, machinery and equipment, park facilities, water, and sewer systems, roads and bridges. This represents a net increase of \$1,270,302 from last year.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 75	\$ 75	\$ 1,889	\$ 380	\$ 1,964	\$ 455
Buildings and Improvements	356	385	46	49	402	434
Machinery, furniture and equipment	557	449	561	604	1,118	1,053
Infrastructure	441	495	7,179	7,465	7,620	7,960
Construction in progress	-	-	71	4	71	4
Totals	<u>\$ 1,429</u>	<u>\$ 1,404</u>	<u>\$ 9,746</u>	<u>\$ 8,502</u>	<u>\$ 11,175</u>	<u>\$ 9,906</u>

Significant capital asset additions include:

- Pierce Ford Pumper Truck 169,263
- Land for future lift station 1,508,895

(Unaudited. See accompanying auditor's report.)

CITY OF CRESCENT, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023

Long-Term Debt

At year-end, the City had \$4,722,166 in long-term debt outstanding, which represents a \$1,388,588 increase from the prior year. For more details on the long-term debt, see Note 5.

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Notes payable	\$ 18	\$ 26	\$ 4,704	\$ 3,308	\$ 4,722	\$ 3,334
Totals	\$ 18	\$ 26	\$ 4,704	\$ 3,308	\$ 4,722	\$ 3,334

Contacting the City's Financial Management

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

(Unaudited. See accompanying auditor's report.)

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

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

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

Statement of Net Position– June 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,435,212	\$ 395,623	\$ 1,830,835
Restricted cash and equivalents	87,220	282,359	369,579
Restricted investments	-	46,000	46,000
Receivables:			
Accounts receivable, net of allowance	12,575	122,325	134,900
Due from other governments	167,685	-	167,685
Court fine receivable, net	79,291	-	79,291
Other assets	2,898	1,822	4,720
Noncurrent restricted cash and cash equivalents	-	7,902	7,902
Noncurrent restricted investments	3,507,938	-	3,507,938
Net pension asset	30,153	-	30,153
Capital Assets:			
Land, improvements and construction in progress	74,753	1,960,517	2,035,270
Other Capital Assets, net of depreciation	1,354,755	7,785,572	9,140,327
Total assets	<u>6,752,480</u>	<u>10,602,120</u>	<u>17,354,600</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred amounts related to pensions	72,818	-	72,818
Deferred amounts related to ARO	-	442,000	442,000
Total deferred outflow of resources	<u>72,818</u>	<u>442,000</u>	<u>514,818</u>
LIABILITIES			
Accounts payable and accrued expenses	35,004	24,566	59,570
Accrued interest	-	1,786	1,786
Unearned Revenue	773,929	-	773,929
Long-term liabilities:			
Due within one year	20,214	1,614,609	1,634,823
Due in more than one year	33,891	3,168,785	3,202,676
Net pension liability	32,171	-	32,171
Asset retirement obligation	-	510,000	510,000
Total liabilities	<u>895,209</u>	<u>5,319,746</u>	<u>6,214,955</u>
DEFERRED INFLOW OF RESOURCES			
Deferred amounts related to pensions	16,207	-	16,207
NET POSITION			
Net investment in capital assets	1,415,143	5,041,579	6,456,722
Restricted for:			
Permanent - trust corpus	3,581,353	-	3,581,353
Debt service	-	83,815	83,815
Other	589,475	185,571	775,046
Unrestricted	327,911	413,409	741,320
Total net position	<u>\$ 5,913,882</u>	<u>\$ 5,724,374</u>	<u>\$ 11,638,256</u>

See accompanying notes to the financial statements.

CITY OF CRESCENT, OKLAHOMA
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As of and for the Year Ended June 30, 2023

Statement of Activities – For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
Primary government				Governmental Activities	Business-type Activities	Total
Governmental activities						
General Government	\$ 566,492	\$ 17,122	\$ -	\$ 109,184	\$ (440,186)	\$ (440,186)
Public Safety	471,753	248,081	41,277	130,000	(52,395)	(52,395)
Highways and Streets	70,055	-	11,963	-	(58,092)	(58,092)
Culture and Recreation	97,103	3,201	3,356	-	(90,546)	(90,546)
Total governmental activities	<u>1,205,403</u>	<u>268,404</u>	<u>56,596</u>	<u>239,184</u>	<u>(641,219)</u>	<u>(641,219)</u>
Business-type activities:						
Water	597,108	407,365	-	120,774	(68,969)	(68,969)
Sewer	179,353	305,921	-	-	126,568	126,568
Sanitation	240,412	203,970	-	-	(36,442)	(36,442)
Ambulance	35,428	40,303	-	-	4,875	4,875
Total business-type activities	<u>1,052,301</u>	<u>957,559</u>	<u>-</u>	<u>120,774</u>	<u>26,032</u>	<u>26,032</u>
Total primary government	<u>\$ 2,257,704</u>	<u>\$ 1,225,963</u>	<u>\$ 56,596</u>	<u>\$ 359,958</u>	<u>\$ (641,219)</u>	<u>\$ (615,187)</u>
General revenues:						
Taxes:						
Sales and use taxes				\$ 693,598	\$ -	\$ 693,598
Franchise taxes				54,812	-	54,812
Intergovernmental, unrestricted				30,858	-	30,858
Unrestricted investment earnings				37,486	1,634	39,120
Miscellaneous				18,010	68,940	86,950
Transfers				47,140	(47,140)	-
Total general revenues				<u>881,904</u>	<u>23,434</u>	<u>905,338</u>
Change in net position				240,685	49,466	290,151
Net position - beginning				5,673,197	5,674,908	11,348,105
Net position - ending				<u>\$ 5,913,882</u>	<u>\$ 5,724,374</u>	<u>\$ 11,638,256</u>

See accompanying notes to the financial statements.

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BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

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

Governmental Funds Balance Sheet – June 30, 2023

	<u>General Fund</u>	<u>Capital Project Fund ODOT - Municipal Road Drilling Activity</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 921,194	\$ 500,000	\$ 101,238	\$ 1,522,432
Investments	3,507,938	-	-	3,507,938
Court fines receivable	79,291	-	-	79,291
Due from other governments	165,612	-	1,427	167,039
Other receivables	13,221	-	-	13,221
Prepaid expenses	2,898	-	-	2,898
Total assets	<u>4,690,154</u>	<u>500,000</u>	<u>102,665</u>	<u>5,292,819</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts payable	12,705	-	15,014	27,719
Unearned revenue	273,929	\$ 500,000	-	773,929
Other payables	7,285	-	-	7,285
Total liabilities	<u>293,919</u>	<u>500,000</u>	<u>15,014</u>	<u>808,933</u>
Deferred inflows:				
Unavailable revenue	56,474	-	-	56,474
Fund balances:				
Nonspendable	3,581,353	-	-	3,581,353
Restricted	4,945	-	70,139	75,084
Assigned	37,836	-	29,000	66,836
Unassigned (deficit)	715,626	-	(11,488)	704,138
Total fund balances	<u>4,339,760</u>	<u>-</u>	<u>87,651</u>	<u>4,427,411</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 4,690,153</u>	<u>\$ 500,000</u>	<u>\$ 102,665</u>	<u>\$ 5,292,818</u>

See accompanying notes to the financial statements

CITY OF CRESCENT, OKLAHOMA
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As of and for the Year Ended June 30, 2023

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2023

	General Fund	Capital Project Fund ODOT - Municipal Road Drilling Activity	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 748,410	\$ -	\$ -	\$ 748,410
Fines and forfeitures	208,675	-	-	208,675
Licenses and permits	17,100	-	-	17,100
Intergovernmental	61,959	-	141,963	203,922
Charges for services	3,223	-	36,164	39,387
Investment earnings	37,486	-	-	37,486
Miscellaneous	18,009	-	-	18,009
Total revenues	<u>1,094,862</u>	<u>-</u>	<u>178,127</u>	<u>1,272,989</u>
EXPENDITURES				
Current:				
General government	419,208	-	-	419,208
Police	315,101	-	-	315,101
Municipal court	57,755	-	-	57,755
Community Center	13,164	-	-	13,164
Fire	52,474	-	-	52,474
Library	44,655	-	-	44,655
Street	-	-	8,461	8,461
Parks	14,828	-	-	14,828
Debt Service:				
Principal	8,044	-	-	8,044
Interest and other charges	625	-	-	625
Capital Outlay	40,230	-	222,203	262,433
Total Expenditures	<u>966,084</u>	<u>-</u>	<u>230,664</u>	<u>1,196,748</u>
Revenues over (under) expenditures	<u>128,778</u>	<u>-</u>	<u>(52,537)</u>	<u>76,241</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,000	-	102,063	105,063
Transfers out	(2,063)	-	(3,000)	(5,063)
Total other financing sources and uses	<u>937</u>	<u>-</u>	<u>99,063</u>	<u>100,000</u>
Net change in fund balances	129,715	-	46,526	176,241
Fund balances - beginning	4,210,045	-	41,125	4,251,170
Fund balances - ending	<u>\$ 4,339,760</u>	<u>\$ -</u>	<u>\$ 87,651</u>	<u>\$ 4,427,411</u>

See accompanying notes to the financial statements

**CITY OF CRESCENT, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Reconciliation of Governmental Fund and Government-Wide Financial Statements:

Fund Balance – Net Position Reconciliation:

Total fund balance, governmental funds	\$	4,427,411
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds, net of accumulated depreciation of \$3,306,276		1,429,508
Certain long-term assets are not available to pay for current fund liabilities and therefore, are deferred or not reported in the funds:		
Unavailable revenues		556,474
Certain long-term liabilities are not due and payable from current financial resources and therefore they, along with deferred inflows, are not reported in the funds:		
Notes payable		(17,656)
Accrued compensated absences		(36,448)
Net pension liability and deferrals		54,593
Unearned revenue		(500,000)
		(500,000)
Net Position of Governmental Activities in the Statement of Net Position	\$	5,913,882

Changes in Fund Balances – Changes in Net Position Reconciliation:

Net change in fund balances - total governmental funds:	\$	176,241
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets		
Capital asset purchases capitalized		183,055
Depreciation expense		(157,324)
		25,731
In the Statement of Activities, the net cost of pension benefits earned is calculated and is reported as pension expense. The fund financial statements report pension contributions as pension expenditures. This amount represents the difference between pension contributions and calculated pension expense.		28,135
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Change in unavailable revenue		3,242
Some revenues and expenses reported in the Statement of Activities do not require the acquisition or use of current financial resources and therefore, are not reported as revenues or expenditures in governmental funds:		
Principal paid on note payable		8,044
Change in accrued compensated absences		(708)
		7,336
Change in net position of governmental activities	\$	240,685

See accompanying notes to the financial statements

**CITY OF CRESCENT, OKLAHOMA
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BASIC FINANCIAL STATEMENTS - PROPRIETARY FUND

CITY OF CRESCENT, OKLAHOMA
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Proprietary Fund Statement of Net Position – June 30, 2023

	<u>Crescent Public Works Authority</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 395,623
Restricted cash and cash equivalents	282,359
Accounts receivable, net	122,325
Prepaid Expenses	1,822
Total current assets	802,129
Noncurrent assets:	
Restricted cash and cash equivalents	7,902
Restricted investments	46,000
Capital assets:	
Land and improvements	1,960,517
Infrastructure	7,785,572
Total non-current assets	9,799,991
Total assets	10,602,120
 DEFERRED OUTFLOW OF RESOURCES	
Deferred amounts related to asset retirement obligation	442,000
 LIABILITIES	
Current liabilities:	
Accounts payable	24,566
Accrued interest payable	1,786
Due to depositors	12,673
Compensated absences	5,908
Notes payable	1,596,028
Total current liabilities	1,640,961
Noncurrent liabilities:	
Due to depositors	53,902
Compensated absences	6,401
Notes payable	3,108,482
Asset Retirement Obligation	510,000
Total non-current liabilities	3,678,785
Total liabilities	5,319,746
 NET POSITION	
Net investment in capital assets	5,041,579
Restricted for debt service	83,815
Restricted for capital projects	185,571
Unrestricted	413,409
Total net position	\$ 5,724,374

See accompanying notes to the financial statements

CITY OF CRESCENT, OKLAHOMA
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Proprietary Fund Statement of Revenues, Expenses and Changes in Net Position – Year Ended June 30, 2023

	Crescent Public Works Authority
REVENUES	
Charges for services:	
Water charges	\$ 396,835
Sewer charges	297,927
Sanitation charges	198,569
Penalties	23,925
Ambulance fees	40,303
Miscellaneous	21,197
Total operating revenues	978,756
OPERATING EXPENSES	
Administration	98,273
Sanitation	135,191
Water/wastewater	342,632
Ambulance	35,428
Depreciation	367,857
Total operating expenses	979,381
Operating income (loss)	(625)
NON-OPERATING REVENUES	
Interest and investment revenue	1,634
Miscellaneous revenue	47,743
Operating grants and contributions	120,774
Interest expense	(72,920)
Capital assets transferred to governmental activities	(8,839)
Total non-operating revenue (expense)	88,392
Income before capital contributions and transfers	87,767
Capital contributions from governmental activities	61,699
Transfers out	(100,000)
Change in net position	49,466
Total net position - beginning	5,674,908
Total net position - ending	\$ 5,724,374

See accompanying notes to the financial statements

CITY OF CRESCENT, OKLAHOMA
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Proprietary Fund Statement of Cash Flows – Year Ended June 30, 2023

	Crescent Public Works Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 1,099,093
Payments to suppliers	(315,391)
Payments to employees	(280,075)
Receipt of customer deposits	11,173
Customer meter deposits refunded or applied	(9,198)
Net Cash Provided by Operating Activities	<u>505,602</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	(100,000)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(100,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(1,550,729)
Purchase of capital assets for governmental activities	(8,839)
Change in capital debt	1,396,632
Interest and fiscal charges paid on capital debt	(72,658)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(235,594)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	1,634
Net Cash Provided by Investing Activities	<u>1,634</u>
Net Increase in Cash and Cash Equivalents	171,642
Balances - beginning of the year	<u>514,242</u>
Balances - end of the year	<u>\$ 685,884</u>
Reconciliation to Statement of Net Position:	
Cash and cash equivalents	\$ 395,623
Current restricted cash and cash equivalents	282,359
Noncurrent restricted cash and cash equivalents	7,902
Total cash and cash equivalents	<u>\$ 685,884</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ (625)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation expense	367,857
Change in assets, liabilities, and deferrals:	
Receivables	(48,180)
Prepaid items	875
Deferred outflows - Asset retirement obligation	17,000
Accounts payable	2,600
Meter deposit liability	1,975
Accrued compensated absences	(4,417)
Net Cash Provided by Operating Activities	<u>\$ 505,602</u>

See accompanying notes to the financial statements

**CITY OF CRESCENT, OKLAHOMA
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FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements:

1. Financial Reporting Entity

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

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

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

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

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

Blended Component Units:

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

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

2. Basis of Presentation and Accounting

Government-Wide Financial Statements:

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

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

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

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

Governmental Funds:

The City's governmental funds include:

Major Funds:

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

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

Capital Project Fund – ODOT Municipal Road Drilling Activity – accounts for the construction of municipal roads drilling activities.

Nonmajor Funds:

Special Revenue Fund:

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

Capital Project Fund:

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

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

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

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

Pensions:

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

Proprietary Fund:

The City's proprietary fund includes:

Major Enterprise Fund:

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

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

3. Cash, Cash Equivalents, and Investments

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

At June 30, 2023, the reporting entity held the following deposits and investments:

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<u>Type</u>	<u>Maturity</u>	<u>Rating</u>	<u>Fair Value Hierarchy</u>	<u>Carrying Value</u>
Deposits:				
Demand deposits				2,208,316
Time deposits	1 year or less		N/A	3,346,000
Investments:				
U.S. Obligations		AAA-mf	Level 1	207,938
Total deposits				<u>\$ 5,762,254</u>
Reconciliation to Statement of Net Position:				
Cash and cash equivalents				\$ 1,830,835
Restricted cash and cash equivalents				369,579
Restricted investments				46,000
Noncurrent restricted cash and cash equivalents				7,902
Noncurrent restricted investments				<u>3,507,938</u>
				<u>\$ 5,762,254</u>

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

The City’s policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100% of the uninsured deposits and accrued interest thereon. At June 30, 2023, the City was not exposed to custodial credit as defined above.

Investment Interest Rate Risk – the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City was not exposed to investment interest rate risk.

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

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c., and d.

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The City was not exposed to investment credit rate risk.

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

Restricted Cash and Investments - The amounts reported as restricted assets in the statement of net position are comprised of amounts held by the Public Works Authority for utility deposits (refunded upon termination of service or applied to final bill), USDA debt service amounts and trust corpus amounts held in the Electric Sale Trust account to be used for purposes as voted on by the citizens, and a contingency reserve. The restricted assets as of June 30, 2023 are as follows:

	Cash and Cash Equivalents	Investments	Noncurrent Cash and Cash Equivalents	Noncurrent Investments	Total
Governmental Activities:					
Contingency Reserve	\$ 26,380	\$ -	\$ -	\$ -	\$ 26,380
Electric Sale Trust	60,840	-	-	3,507,938	3,568,778
Business-type Activities:					
USDA debt service	269,686	-	-	-	269,686
Utility Meter Deposit	12,673	46,000	7,902	-	66,575
Total Restricted Assets	<u>\$ 369,579</u>	<u>\$ 46,000</u>	<u>\$ 7,902</u>	<u>\$ 3,507,938</u>	<u>\$ 3,931,419</u>

4. Capital Assets and Depreciation

Capital Assets:

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

For the year ended June 30, 2023, capital assets balances changed as follows:

	Balance at July 1, 2022	Additions	Disposals	Balance at June 30, 2023
Governmental activities:				
Non-depreciable:				
Land	\$ 74,753	\$ -	\$ -	\$ 74,753
Construction-in-progress	-	-	-	-
Total non-depreciable assets at historical cost	<u>74,753</u>	<u>-</u>	<u>-</u>	<u>74,753</u>
Depreciable:				
Buildings and improvements	955,163	-	-	955,163
Machinery and equipment	1,985,965	183,055	-	2,169,020
Infrastructure	1,536,848	-	-	1,536,848
Total depreciable assets at historical cost	<u>4,477,976</u>	<u>183,055</u>	<u>-</u>	<u>4,661,031</u>
Less accumulated depreciation				
Buildings and improvements	569,716	28,998	-	598,714
Machinery and equipment	1,536,935	74,729	-	1,611,664
Infrastructure	1,042,301	53,597	-	1,095,898
Total accumulated depreciation	<u>3,148,952</u>	<u>157,324</u>	<u>-</u>	<u>3,306,276</u>
Net depreciable assets	<u>1,329,024</u>	<u>25,731</u>	<u>-</u>	<u>1,354,755</u>
Governmental activities capital assets, net	<u>1,403,777</u>	<u>25,731</u>	<u>-</u>	<u>1,429,508</u>

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	Balance at July 1, 2022	Additions	Disposals	Balance at June 30, 2023
Business-type activities				
Non-depreciable:				
Land	380,363	1,508,897	-	1,889,260
Construction-in-progress	4,052	67,205	-	71,257
Total non-depreciable assets at historical cost	<u>384,415</u>	<u>1,576,102</u>	<u>-</u>	<u>1,960,517</u>
Depreciable:				
Buildings and improvements	120,713	-	-	120,713
Machinery and equipment	1,131,786	36,329	-	1,168,115
Infrastructure	11,337,270	-	-	11,337,270
Totals depreciable assets at historical cost	<u>12,589,769</u>	<u>36,329</u>	<u>-</u>	<u>12,626,098</u>
Less accumulated depreciation				
Buildings and improvements	72,127	2,492	-	74,619
Machinery and equipment	527,799	79,771	-	607,570
Infrastructure	3,872,743	285,594	-	4,158,337
Total accumulated depreciation	<u>4,472,669</u>	<u>367,857</u>	<u>-</u>	<u>4,840,526</u>
Net depreciable assets	<u>8,117,100</u>	<u>(331,528)</u>	<u>-</u>	<u>7,785,572</u>
Business-type capital assets, net	<u>\$ 8,501,515</u>	<u>\$ 1,244,574</u>	<u>\$ -</u>	<u>\$ 9,746,089</u>

Depreciation:

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

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

Governmental Activities:

General government	11,050
Public safety	60,795
Highways and streets	61,090
Culture and recreation	24,389
Total depreciation	<u>\$ 157,324</u>

Business-Type Activities:

Water	285,129
Wastewater	63,882
Administration	18,846 *
Total depreciation	<u>\$ 367,857</u>

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

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5. Long-Term Debt and Debt Service Requirements

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

<u>Type of Debt</u>	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2023</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Notes payable (direct borrowing)	\$ 25,700	\$ -	\$ 8,044	\$ 17,656	\$ 8,186
Accrued compensated absences	35,740	29,775	29,066	36,449	12,028
Total Governmental Long-Term Debt	\$ 61,440	\$ 29,775	\$ 37,110	\$ 54,105	\$ 20,214
Business-Type Activities:					
Note payable (direct borrowing)	\$ 3,307,878	\$ 1,500,000	\$ 103,368	\$ 4,704,510	\$ 1,596,028
Accrued compensated absences	16,727	7,070	11,488	12,309	5,908
Meter deposits	64,600	11,173	9,198	66,575	12,673
Total BTA Long-Term Debt	\$ 3,389,205	\$ 1,518,243	\$ 124,054	\$ 4,783,394	\$ 1,614,609

Governmental debt will be paid with General Fund revenues.

Governmental activities long-term debt:

Notes Payable – Direct Borrowing:

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

\$ 14,365

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

3,291

Total Notes Payable

\$ 17,656

Current Portion

\$ 8,186

Noncurrent Portion

9,470

Total Notes Payable - Direct Borrowings

\$ 17,656

Accrued Compensated Absences:

Current portion

\$ 12,028

Non-current portion

24,421

Total

\$ 36,449

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Business-type activities long-term debt:

Notes Payable – Direct Borrowings:

<p>\$3,600,000 USDA Rural Development note with an interest rate of 1.875%, due in 480 monthly installments of \$10,692, final payment due December 2056. The loan is secured by the water system and revenues of the water system. In the event of default, the lender has all rights and remedies as allowed by law including: 1) declare entire amount unpaid immediately due and payable; 2) incur and pay reasonable expenses for repair or maintenance of and take possession of, operate, or rent property; 3) have a receiver appointed for the property; 4) foreclose this instrument; 5) enforce any and all rights and remedies provided herein or by present or future laws.</p>	\$ 3,160,327
<p>\$51,694 note with F & M Bank for the purchase of a skid loader, due in 72 monthly installments of \$804, with an interest rate of 3.75%, final payment due December 2023. In the event that the City determines that sufficient funds have not been appropriated to make the payments required under the terms of this note, the obligations of the City under this note shall terminate. In such event, the City shall give prompt written notice of the termination to the lender. If the City defaults, the collateralized equipment will be returned to the lender.</p>	4,773
<p>\$84,762 note with F & M Bank for the purchase of a JD backhoe, due in 72 monthly installments of \$1,368, with an interest rate of 5.0%, final payment due November 2024. In the event that the City determines that sufficient funds have not been appropriated to make the payments required under the terms of this note, the obligations of the City under this note shall terminate. In such event, the City shall give prompt written notice of the termination to the lender. If the City defaults, the collateralized equipment will be returned to the lender.</p>	22,386
<p>\$33,663 note with F & M Bank for the purchase of a 2020 Ford F350 pickup truck, due in 60 monthly installments of \$614, with an interest rate of 3.55%, final payment due November 2025. In the event that the City determines that sufficient funds have not been appropriated to make the payments required under the terms of this note, the obligations of the City under this note shall terminate. In such event, the City shall give prompt written notice of the termination to the lender. If the City defaults, the collateralized equipment will be returned to the lender.</p>	17,024
<p>\$1,500,000 note with F & M Bank for the purchase of unimproved land, 150.98 acres, NE/4 Section 23, Township 17 N, Range 4 West in Crescent, Oklahoma, due in 11 consecutive payments of interest only beginning June 17, 2023, with one final balloon payment of \$1,509,687.50 due on May 17, 2024, with an interest rate of 7.75%. The loan is secured by a Mortgage/Deed of Trust/Security in the amount of \$1,500,000. In the event of default, Lender's obligations, if any, to make any advances will, at Lender's option, immediately terminate and Lender, at its option, may declare all indebtedness of Borrower to Lender under this Note immediately due and payable without further notice of any kind notwithstanding anything to the contrary in this Note or any other agreement.</p>	1,500,000
Total Notes Payable	<u>\$ 4,704,510</u>
Current portion	1,596,028
Non-current portion	<u>3,108,482</u>
Total Notes Payable - Direct Borrowings	<u>\$ 4,704,510</u>

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Meter Deposit Liability:

Current portion	12,673
Non-current portion	<u>53,902</u>
Total	<u>\$ 66,575</u>

Accrued Compensated Absences:

Current portion	5,908
Non-current portion	<u>6,401</u>
Total	<u>\$ 12,309</u>

Payment requirements to maturity:

<u>Year Ending June 30,</u>	Governmental Activities		Business-Type Activities	
	Notes Payable (direct borrowing)		Notes Payable (direct borrowing)	
	Principal	Interest	Principal	Interest
2024	8,186	483	1,596,028	1,142,662
2025	8,335	264	83,937	58,568
2026	1,135	40	74,456	56,918
2027	-	-	72,783	55,521
2028-2032	-	-	385,380	256,140
2033-2037	-	-	423,754	217,766
2038-2042	-	-	465,951	175,569
2043-2047	-	-	512,348	129,172
2048-2052	-	-	563,367	78,153
2053-2057	-	-	<u>526,506</u>	<u>26,102</u>
Totals	<u>\$ 17,656</u>	<u>\$ 787</u>	<u>\$ 4,704,510</u>	<u>\$ 2,196,571</u>

6. Asset Retirement Obligations

The City has incurred certain asset obligations related to the operation of its wastewater utility system. The estimated liability of the legally required closure costs for the wastewater system was estimated to be \$510,000 as of June 30, 2023. This cost estimate is for abandoning the lagoon system, removing the dike system piping appurtenance, and residual bio solids, and the primary lift station. The average remaining life of these assets is 27 years and the associated deferred outflow of resources is being amortized over that period. There are no required funding and assurance provisions for the estimated liability and no assets are restricted for the payment of the liability.

7. Net Position and Fund Balances

Net position is displayed in three components:

- a. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings, if any, that are attributable to the acquisition, construction, or improvements of those assets.

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- b. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* - All other net position that does not meet the definition of “restricted” or “Net investment in capital assets.”

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

Fund Statements:

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

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

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

	General Fund	Other Governmental Funds	TOTAL
Fund Balances:			
Nonspendable:			
Electric Sale Trust Corpus	\$ 3,581,353	\$ -	\$ 3,581,353
Restricted for:			
Swimming pool	2,000	-	2,000
CLEET fees	2,945	-	2,945
Street and alley operations and capital	-	20,350	20,350
ODOT Municipal Road Drilling	-	-	-
REAP Grant-Community Center	-	49,789	49,789
Sub-total Restricted	<u>4,945</u>	<u>70,139</u>	<u>75,084</u>
Assigned to:			
Police	25,445	-	25,445
Fire operations	-	29,000	29,000
Insurance Reimbursement	12,391	-	12,391
Sub-total Assigned	<u>37,836</u>	<u>29,000</u>	<u>66,836</u>
Unassigned (deficit):	715,626	(11,488)	704,138
TOTAL FUND BALANCES	<u>\$ 4,339,760</u>	<u>\$ 87,651</u>	<u>\$ 4,427,411</u>

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

8. Sales Tax Revenues

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

9. Electric Sale Trust

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

10. Risk Management

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

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

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

11. Contingencies

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

Federal and State Award Programs:

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

12. Pension Plan Participation

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

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

OFPRS:

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

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

Normal Retirement:

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

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

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

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Volunteer firefighters have no contribution requirement. Participating cities are required to contribute \$60 annually for each volunteer firefighter. Employees are required to contribute 9% of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$840. The State of Oklahoma also made on-behalf contributions to OFPRS in the amount of \$2,714 during the fiscal year. However, in the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$2,520. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2023, the City reported a liability of \$32,172 for its proportionate share of the net pension liability. 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 0.002460%.

For the year ended June 30, 2023, the City recognized pension expense of \$4,034. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,130	\$ 162
Changes of assumptions	-	205
Net difference between projected and actual earnings on pension plan investments	3,739	-
Changes in proportion and differences between City contributions and proportionate share of contributions	1,415	1,914
City contributions during the measurement period	11	105
City contributions subsequent to the measurement date	840	-
Total	<u>\$ 10,135</u>	<u>\$ 2,386</u>

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\$840 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2024	\$	1,842
2025		1,218
2026		343
2027		3,506
Thereafter		-
	\$	6,909

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 10.5% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

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

The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of 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>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	3.62%
Domestic equity	47%	5.66%
International equity	15%	8.34%
Real estate	10%	7.36%
Other assets	8%	5.08%

Discount Rate-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing an allocation of the insurance premium, as established by Oklahoma statute. Prior

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to July 1, 2022, the Plan was allocated 36% of the Statewide insurance premium tax. The State of Oklahoma has passed legislation that changes the allocation percentage as follows:

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

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability	\$ 41,456	\$ 32,172	\$ 24,406

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.

OPPRS:

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

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

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months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

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

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

Contributions - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$16,479. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$14,978 during the fiscal year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$14,983. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Net Liability (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the City reported an asset of \$30,153 for its proportionate share of the net pension asset. 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 0.037601%.

For the year ended June 30, 2023, the City recognized pension expense of \$2,653. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,790	\$ 3,284
Changes of assumptions	1,050	-
Net difference between projected and actual earnings on pension plan investments	29,423	-
Changes in proportion and differences between City contributions and proportionate share of contributions	439	9,755
Contributions during the measurement period	501	781
City contributions subsequent to the measurement date	16,479	-
Total	\$ 62,682	\$ 13,820

In the year ending June 30, 2023, \$16,479 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of or addition to the net pension liability (asset) in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ 4,915
2024	(1,453)
2025	(8,625)
2026	35,905
Thereafter	1,641
	\$ 32,383

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 I increase in base salary of 3.5% (wage inflation).

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

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

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

The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2012, to June 30, 2017.

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	3.34%
Domestic equity	4.69%
International equity	8.34%
Real estate	7.64%
Private Equity	9.66%

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.

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

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	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	\$ 87,363	\$ (30,153)	\$ (129,483)

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

OkMRF Defined Contribution Plan:

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

For the year ended June 30, 2023, the total contributions were 6 percent of covered payroll, of which 3 percent were contributed by both the employer and employee. For the year ended June 30, 2023, city contributions to the plan amounted to \$9,430 which was equal to the required contribution.

OkMRF CMO Plan:

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

For the year ended June 30, 2023, the employer contribution rate was 10%. Contributions to the plan for the year ended June 30, 2023 were \$13,409 which was equal to the required contribution.

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

Summary of Contributions:

<u>Fiscal Year</u>	<u>Oklahoma Municipal Retirement Fund</u>		<u>Oklahoma Municipal Retirement Fund – (CMO Plan)</u>	
	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2021	\$8,726	100%	\$11,985	100%
2022	8,643	100%	12,840	100%
2023	9,430	100%	13,409	100%

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13. Internal and Interfund Balances and Transfers

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

Transfers:

Internal transfers between funds, accounts and activities for the year ended June 30, 2023, were as follows:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
Fire Department CIF	General Fund	3,000	Operating
General Fund	Fire Department CIF	2,063	Operating
FEMA Grant Account	REAP Grant - Community Center	100,000	Operating
		<u>105,063</u>	

Reconciliation to Fund Financial Statements and Statement of Activities:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 105,063	\$ (5,063)	\$ 100,000
Proprietary Funds	-	(100,000)	(100,000)
Total	<u>\$ 105,063</u>	<u>\$ (105,063)</u>	<u>\$ -</u>

Net Transfers	\$ 100,000
Transfer of assets from Governmental Activities to Business-Type Activities	(52,860)
Transfers - Internal Activity	<u>\$ 47,140</u>

14. Use of Estimates

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

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Budgetary Comparison Schedule (Budgetary Basis) – General Fund – Year Ended June 30, 2023

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 179,996	\$ 495,277	\$ 528,815	\$ 33,538
Resources (Inflows):				
Alcoholic beverage tax	22,000	22,000	23,566	1,566
Community park and building	2,500	2,500	3,201	701
Franchise fees	40,500	40,500	54,812	14,312
Miscellaneous	4,205	11,705	18,026	6,321
Fines and forfeitures	254,125	254,125	174,414	(79,711)
Permits and licenses	6,000	8,050	17,100	9,050
Sales tax	450,000	450,000	582,739	132,739
Use tax	90,000	107,250	110,859	3,609
Tobacco tax	3,500	3,500	3,959	459
Investment income	400	5,900	6,441	541
Grants	6,500	13,409	13,409	-
Transfer in	14,250	45,250	3,333	(41,917)
Total Resources (Inflows)	<u>893,980</u>	<u>964,189</u>	<u>1,011,859</u>	<u>47,670</u>
Amounts available for appropriation	<u>1,073,976</u>	<u>1,459,466</u>	<u>1,540,674</u>	<u>81,208</u>
Charges to Appropriations (Outflows):				
General government	325,352	461,989	446,997	14,992
Municipal court	57,540	58,606	57,755	851
City Clerk-Treas.	63,613	-	-	-
City Attorney	18,000	-	-	-
Community center	10,100	13,200	13,164	36
Library	34,268	47,799	44,655	3,144
Police	323,766	325,412	289,072	36,340
Fire	40,000	52,883	49,760	3,123
Parks	13,350	21,847	14,828	7,019
Total Charges to Appropriations	<u>885,989</u>	<u>981,736</u>	<u>916,231</u>	<u>65,505</u>
Ending Budgetary Fund Balance	<u>\$ 187,987</u>	<u>\$ 477,730</u>	<u>\$ 624,443</u>	<u>\$ 146,713</u>

Footnotes to Budgetary Comparison Schedules:

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

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Sources/inflows of resources	<u>General Fund</u>
Actual amounts "Total Resources" from the budgetary comparison schedule	\$1,011,859
Reconciliation to Statement of Revenues, Expenditures and Changes in Fund Balance:	
On-behalf payments for police & fire pension	17,692
Revenues of General Fund Accounts not included in General Fund Budget:	
Electric Sale Trust	31,045
Police Equipment Account	15,000
Cleet Account	<u>19,261</u>
<i>Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds</i>	<u><u>\$1,094,862</u></u>
Uses/outflows of resources	
Actual amounts "Total Charges to Appropriations" from the budgetary comparison schedule	\$916,231
Reconciliation to Statement of Revenues, Expenditures and Changes in Fund Balance:	
On-behalf payments for police & fire pension	17,693
Expenditures of General Fund Accounts not included in General Fund Budget:	
CLEET Account	18,837
Police Equipment Account	<u>13,323</u>
<i>Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds</i>	<u><u>\$966,084</u></u>

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

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
City's proportion of the net pension liability	0.289000%	0.313700%	0.260500%	0.002262%	0.002262%	0.002450%	0.002630%	0.002670%	0.002375%	0.002460%
City's proportionate share of the net pension liability	\$ 29,716	\$ 33,298	\$ 31,821	\$ 28,446	\$ 28,446	\$ 27,577	\$ 27,824	\$ 32,896	\$ 15,639	\$ 32,172
Plan fiduciary net position as a percentage of the total pension liability	68.12%	68.27%	64.87%	66.61%	66.61%	70.73%	72.85%	69.98%	84.24%	69.49%

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

Notes to Schedule:

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

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Statutorially required contribution	\$ 1,200	\$ 1,020	\$ 1,020	\$ 900	\$ 900	\$ 1,020	\$ 1,020	\$ 1,080	\$ 1,140	\$ 840
Contributions in relation to the statutorially required contribution	<u>1,200</u>	<u>1,020</u>	<u>1,020</u>	<u>900</u>	<u>900</u>	<u>1,020</u>	<u>1,020</u>	<u>1,080</u>	<u>1,140</u>	<u>840</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to Schedule:

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

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

	<u>2019**</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
City's proportion of the net pension liability(asset)		0.048329%	0.052132%	0.036341%	0.037601%
City's proportionate share of the net pension liability (assets)		\$ (3,085)	\$ 59,871	\$ (174,332)	\$ (30,153)
City's covered-employee payroll		\$ 165,231	\$ 171,377	\$ 125,946	\$ 129,646
City's proportionate share of the net pension liability(asset) as a percentage of its covered-employee payroll		-1.86%	34.94%	-138.42%	-23.26%
Plan fiduciary net position as a percentage of the total pension liability		100.24%	95.80%	117.07%	102.74%

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

Notes to Schedule:

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

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

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Statutorially required contribution	\$ 21,480	\$ 22,279	\$ 16,373	\$ 16,854	\$ 16,479
Contributions in relation to the statutorially required contribution	<u>21,480</u>	<u>22,279</u>	<u>16,373</u>	<u>16,854</u>	<u>16,479</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 165,231	\$ 171,377	\$ 125,946	\$ 129,646	\$ 126,761
Contributions as a percentage of covered-employee payroll	13.0%	13.0%	13.0%	13.0%	13.0%

Notes to Schedule:

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

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OTHER SUPPLEMENTARY INFORMATION

CITY OF CRESCENT, OKLAHOMA
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General Fund Accounts Combining Balance Sheet – City of Crescent - June 30, 2023

	General Fund	General Fund Reserve	Electric Sale Trust Account	CLEET Account	Insurance Reimbursement	Police Equipment Account	ARPA Account	Total General Fund
ASSETS								
Cash and cash equivalents	\$ 542,653	\$ 4,167	\$ 60,840	\$ 2,945	\$ 12,391	\$ 24,269	\$ 273,929	\$ 921,194
Investments	-	-	3,507,938	-	-	-	-	3,507,938
Due from other funds	(1,176)	-	-	-	-	1,176	-	-
Court fines receivable	79,291	-	-	-	-	-	-	79,291
Due from other governments	165,612	-	-	-	-	-	-	165,612
Other receivables	646	-	12,575	-	-	-	-	13,221
Prepaid expenses	2,898	-	-	-	-	-	-	2,898
Total assets	<u>789,924</u>	<u>4,167</u>	<u>3,581,353</u>	<u>2,945</u>	<u>12,391</u>	<u>25,445</u>	<u>273,929</u>	<u>4,690,154</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES								
Liabilities:								
Accounts payable	12,705	-	-	-	-	-	-	12,705
Unearned revenue	-	-	-	-	-	-	273,929	273,929
Other payables	7,285	-	-	-	-	-	-	7,285
Total liabilities	<u>19,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>273,929</u>	<u>293,919</u>
Deferred inflows:								
Unavailable revenue	56,474	-	-	-	-	-	-	56,474
Fund balances:								
Nonspendable	-	-	3,581,353	-	-	-	-	3,581,353
Restricted	2,000	-	-	2,945	-	-	-	4,945
Assigned	-	-	-	-	12,391	25,445	-	37,836
Unassigned	711,459	4,167	-	-	-	-	-	715,626
Total fund balances	<u>713,459</u>	<u>4,167</u>	<u>3,581,353</u>	<u>2,945</u>	<u>12,391</u>	<u>25,445</u>	<u>-</u>	<u>4,339,760</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 789,923</u>	<u>\$ 4,167</u>	<u>\$ 3,581,353</u>	<u>\$ 2,945</u>	<u>\$ 12,391</u>	<u>\$ 25,445</u>	<u>\$ 273,929</u>	<u>\$ 4,690,153</u>

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General Fund Accounts Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – City of Crescent – Year Ended June 30, 2023

	General Fund	General Fund Reserve	Electric Sale Trust Account	CLEET Account	Insurance Reimbursement	Police Equipment Account	ARPA Account	Total General Fund
REVENUES								
Taxes	748,410	-	-	-	-	-	-	748,410
Fines and forfeitures	174,414	-	-	19,261	-	15,000	-	208,675
Licenses and permits	17,100	-	-	-	-	-	-	17,100
Intergovernmental	61,959	-	-	-	-	-	-	61,959
Charges for services	3,223	-	-	-	-	-	-	3,223
Investment earnings	6,441	-	31,045	-	-	-	-	37,486
Miscellaneous	18,009	-	-	-	-	-	-	18,009
Total revenues	<u>1,029,556</u>	<u>-</u>	<u>31,045</u>	<u>19,261</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>1,094,862</u>
EXPENDITURES								
Current:								
General government	419,208	-	-	-	-	-	-	419,208
Police	295,381	-	-	18,837	-	883	-	315,101
Municipal court	57,755	-	-	-	-	-	-	57,755
Community Center	13,164	-	-	-	-	-	-	13,164
Fire	52,474	-	-	-	-	-	-	52,474
Library	44,655	-	-	-	-	-	-	44,655
Parks	14,828	-	-	-	-	-	-	14,828
Debt Service:								
Principal	8,044	-	-	-	-	-	-	8,044
Interest and other charges	625	-	-	-	-	-	-	625
Capital Outlay	27,790	-	-	-	-	12,440	-	40,230
Total Expenditures	<u>933,924</u>	<u>-</u>	<u>-</u>	<u>18,837</u>	<u>-</u>	<u>13,323</u>	<u>-</u>	<u>966,084</u>
Excess (deficiency) of revenues over expenditures	<u>95,632</u>	<u>-</u>	<u>31,045</u>	<u>424</u>	<u>-</u>	<u>1,677</u>	<u>-</u>	<u>128,778</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	3,000	-	-	-	-	-	-	3,000
Transfers out	(2,063)	-	-	-	-	-	-	(2,063)
Interaccount Transfers in	45,600	-	-	-	-	-	-	45,600
Interaccount Transfers out	-	-	(45,600)	-	-	-	-	(45,600)
Total other financing sources and uses	<u>46,537</u>	<u>-</u>	<u>(45,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>937</u>
Net change in fund balances	142,169	-	(14,555)	424	-	1,677	-	129,715
Fund balances - beginning	571,290	4,167	3,595,908	2,521	12,391	23,768	-	4,210,045
Fund balances - ending	<u>713,459</u>	<u>4,167</u>	<u>3,581,353</u>	<u>2,945</u>	<u>12,391</u>	<u>25,445</u>	<u>-</u>	<u>4,339,760</u>

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Combining Balance Sheet – Nonmajor Governmental Funds – City of Crescent – June 30, 2023

	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Capital Project Fund</u>	<u>Capital Project Fund</u>	
	<u>Street and Alley Fund</u>	<u>Fire Department Capital Improvement Fund</u>	<u>REAP Grant - Library</u>	<u>REAP Grant - Community Center</u>	<u>Total Other Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 18,984	\$ 29,000	-	53,254	\$ 101,238
Receivable from other governments	1,427	-	-	-	1,427
Total assets	<u>20,411</u>	<u>29,000</u>	<u>-</u>	<u>53,254</u>	<u>102,665</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	61	-	11,488	3,465	15,014
Total liabilities	<u>61</u>	<u>-</u>	<u>11,488</u>	<u>3,465</u>	<u>15,014</u>
Fund balances:					
Restricted	20,350	-	-	49,789	70,139
Assigned	-	29,000	-	-	29,000
Unassigned (deficit)	-	-	(11,488)	-	(11,488)
Total fund balances	<u>20,350</u>	<u>29,000</u>	<u>(11,488)</u>	<u>49,789</u>	<u>87,651</u>
Total liabilities and fund balances	<u>\$ 20,411</u>	<u>\$ 29,000</u>	<u>\$ -</u>	<u>\$ 53,254</u>	<u>\$ 102,665</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds - City of Crescent - Year Ended June 30, 2023

	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Capital Project Fund</u>	<u>Capital Project Fund</u>	
	<u>Street and Alley Fund</u>	<u>Fire Department Capital Improvement Fund</u>	<u>REAP Grant - Library</u>	<u>REAP Grant - Community Center</u>	<u>Total Other Governmental Funds</u>
REVENUES					
Intergovernmental	\$ 11,963	\$ 130,000	\$ -	\$ -	\$ 141,963
Charges for services	-	36,164	-	-	36,164
Total revenues	<u>11,963</u>	<u>166,164</u>	<u>-</u>	<u>-</u>	<u>178,127</u>
EXPENDITURES					
Current:					
Streets	8,461	-	-	-	8,461
Capital Outlay	504	160,000	11,488	50,211	222,203
Total Expenditures	<u>8,965</u>	<u>160,000</u>	<u>11,488</u>	<u>50,211</u>	<u>230,664</u>
Excess (deficiency) of revenues over expenditures	<u>2,998</u>	<u>6,164</u>	<u>(11,488)</u>	<u>(50,211)</u>	<u>(52,537)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	2,063	-	100,000	102,063
Transfers out	-	(3,000)	-	-	(3,000)
Total other financing sources and uses	<u>-</u>	<u>(937)</u>	<u>-</u>	<u>100,000</u>	<u>99,063</u>
Net change in fund balances	2,998	5,227	(11,488)	49,789	46,526
Fund balances - beginning	<u>17,352</u>	<u>23,773</u>	<u>-</u>	<u>-</u>	<u>41,125</u>
Fund balances - ending	<u>\$ 20,350</u>	<u>\$ 29,000</u>	<u>\$ (11,488)</u>	<u>\$ 49,789</u>	<u>\$ 87,651</u>

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

Combining Schedule of Net Position – Enterprise Fund Accounts – City of Crescent – June 30, 2023

	Crescent Public Works Authority	WLRPS Account	CPWA Reserve	CPWA Insurance Reimbursement	FEMA Grant	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 267,553	\$ -	\$ 4,000	\$ 33,622	\$ 90,448	\$ 395,623
Restricted cash and cash equivalents	12,673	269,686	-	-	-	282,359
Accounts receivable, net	122,325	-	-	-	-	122,325
Prepaid Expenses	1,822	-	-	-	-	1,822
Total current assets	<u>404,373</u>	<u>269,686</u>	<u>4,000</u>	<u>33,622</u>	<u>90,448</u>	<u>802,129</u>
Non-current assets:						
Restricted cash and cash equivalents	7,902	-	-	-	-	7,902
Restricted investments	46,000	-	-	-	-	46,000
Capital Assets:						
Land and other non-depreciable assets	1,960,517	-	-	-	-	1,960,517
Other capital assets, net of depreciation	7,766,426	-	-	19,146	-	7,785,572
Total non-current assets	<u>9,780,845</u>	<u>-</u>	<u>-</u>	<u>19,146</u>	<u>-</u>	<u>9,799,991</u>
Total assets	<u>10,185,218</u>	<u>269,686</u>	<u>4,000</u>	<u>52,768</u>	<u>90,448</u>	<u>10,602,120</u>
DEFERRED OUTFLOW OF RESOURCES						
Deferred amounts related to asset retirement obligation	442,000	-	-	-	-	442,000
LIABILITIES						
Current Liabilities:						
Accounts payable and accrued liabilities	24,566	-	-	-	-	24,566
Accrued interest payable	-	1,786	-	-	-	1,786
Due to depositors	12,673	-	-	-	-	12,673
Accrued Compensated absences	5,908	-	-	-	-	5,908
Notes payable	1,527,275	68,753	-	-	-	1,596,028
Total current liabilities	<u>1,570,422</u>	<u>70,539</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,640,961</u>
Non-current liabilities:						
Accrued Compensated absences	6,401	-	-	-	-	6,401
Due to depositors	53,902	-	-	-	-	53,902
Notes payable	16,908	3,091,574	-	-	-	3,108,482
Asset Retirement Obligation	510,000	-	-	-	-	510,000
Total non-current liabilities	<u>587,211</u>	<u>3,091,574</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,678,785</u>
Total liabilities	<u>2,157,633</u>	<u>3,162,113</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,319,746</u>
NET POSITION						
Net investment in capital assets	5,041,579	-	-	-	-	5,041,579
Restricted for debt service	-	83,815	-	-	-	83,815
Restricted for capital projects	-	185,571	-	-	-	185,571
Unrestricted (deficit)	3,428,006	(3,161,813)	4,000	52,768	90,448	413,409
Total net position	<u>8,469,585</u>	<u>\$ (2,892,427)</u>	<u>\$ 4,000</u>	<u>\$ 52,768</u>	<u>\$ 90,448</u>	<u>\$ 5,724,374</u>

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

Combining Schedule of Revenues, Expenses and Changes in Net Position – Enterprise Fund Accounts - City of Crescent - Year Ended June 30, 2023

	Crescent Public Works Authority	WLRPS Fund	CPWA Reserve	CPWA Insurance Reimbursement	FEMA Grant	Total
REVENUES						
Water Charges	\$ 396,835	\$ -	\$ -	\$ -	\$ -	\$ 396,835
Sewer Charges	297,927	-	-	-	-	297,927
Sanitation Charges	198,569	-	-	-	-	198,569
Penalties	23,925	-	-	-	-	23,925
Ambulance fees	40,303	-	-	-	-	40,303
Miscellaneous	21,197	-	-	-	-	21,197
Total operating revenues	<u>978,756</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>978,756</u>
OPERATING EXPENSES						
Administration	98,273	-	-	-	-	98,273
Sanitation	135,191	-	-	-	-	135,191
Water/wastewater	342,632	-	-	-	-	342,632
Ambulance	35,428	-	-	-	-	35,428
Depreciation	367,857	-	-	-	-	367,857
Total Operating Expenses	<u>979,381</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>979,381</u>
Operating income (loss)	<u>(625)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(625)</u>
NON-OPERATING REVENUES (EXPENSES)						
Interest and investment revenue	1,038	596	-	-	-	1,634
Miscellaneous revenue	-	-	-	47,743	-	47,743
Operating grants and contributions	-	-	-	-	120,774	120,774
Interest expense	(12,704)	(60,216)	-	-	-	(72,920)
Capital assets transferred to governmental activities	-	-	-	-	(8,839)	(8,839)
Total non-operating revenue (expenses)	<u>(11,666)</u>	<u>(59,620)</u>	<u>-</u>	<u>47,743</u>	<u>111,935</u>	<u>88,392</u>
Income (loss) before contributions and transfers	<u>(12,291)</u>	<u>(59,620)</u>	<u>-</u>	<u>47,743</u>	<u>111,935</u>	<u>87,767</u>
Capital contributions	61,699	-	-	-	-	61,699
Transfers out	-	-	-	-	(100,000)	(100,000)
Intra-account transfers out	(170,801)	-	-	-	-	(170,801)
Intra-account transfers in	-	170,801	-	-	-	170,801
Change in net position	<u>(121,393)</u>	<u>111,181</u>	<u>-</u>	<u>47,743</u>	<u>11,935</u>	<u>49,466</u>
Total net position - beginning	<u>8,590,978</u>	<u>(3,003,608)</u>	<u>4,000</u>	<u>5,025</u>	<u>78,513</u>	<u>5,674,908</u>
Total net position - ending	<u>\$ 8,469,585</u>	<u>\$ (2,892,427)</u>	<u>\$ 4,000</u>	<u>\$ 52,768</u>	<u>\$ 90,448</u>	<u>\$ 5,724,374</u>

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

Schedule of Expenditures of Federal and State Awards – Year Ended June 30, 2023

Federal/State Grantor/Pass Through Agency Grantor/Program Title	AL or Award Number	Award Amount	Awards Expended
FEDERAL AWARDS:			
U.S. DEPARTMENT OF TREASURY:			
ARPA	21.027	273,929	-
U.S. DEPARTMENT OF AGRICULTURE			
Community Facilities Grant	10.766	130,000	130,000
U.S. DEPARTMENT OF HOMELAND SECURITY			
FEMA 2020 Ice Storm	PA-4575	135,183	135,183
TOTAL FEDERAL AWARDS		<u>\$ 539,112</u>	<u>\$ 265,183</u>
STATE AWARDS:			
Oklahoma Department of Libraries			
Library State Aid	N/A	3,356	3,356
Oklahoma Department of Agriculture			
Rural Fire Grant	N/A	10,053	10,053
Oklahoma Department of Transportation			
Municipal Roads and Drilling Activities Fund	SAP-242F(106)	<u>500,000</u>	<u>-</u>
TOTAL STATE AWARDS		<u>\$ 513,409</u>	<u>\$ 13,409</u>

Footnotes to Schedule of Expenditures of Federal and State Awards:

1. Basis of Presentation

The schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state award activity of the City under programs of the federal and State of Oklahoma governments for the year ended June 30, 2023. All federal and state awards received directly from federal and state agencies, as well as awards passed through other governmental agencies, and expended during the year are included in this Schedule. The federal award information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

2. Summary of Significant Accounting Policies

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

3. Indirect Cost Rate

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

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

INTERNAL CONTROL AND COMPLIANCE INFORMATION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Crescent, Oklahoma ("City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 15, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Elfrink and Associates, PLLC

Elfrink and Associates, PLLC
Tulsa, Oklahoma
December 15, 2023