

City of
**WILBURTON,
OKLAHOMA**



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

**AS OF AND FOR THE FISCAL YEAR
ENDED**

JUNE 30, 2023

**THE CITY OF WILBURTON,
OKLAHOMA
ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

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

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

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ANNUAL FINANCIAL REPORT
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council of the
City of Wilburton, Oklahoma

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter – Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

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.

Other Matters

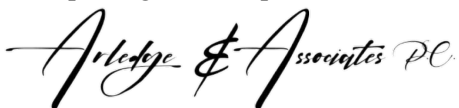
Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Edmond, Oklahoma
November 22, 2023



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

The management of the City of Wilburton is pleased to provide this annual financial report to its citizens, taxpayers and other report users to demonstrate its accountability and communicate the City's financial condition and activities as of and for the year ended June 30, 2023. Management of the City is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts. The City reports its financial statements and schedules on a modified cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles. All of the financial analyses in this report must be considered within the context of the limitations of the modified cash basis of accounting.

FINANCIAL HIGHLIGHTS

- As reported on a modified cash basis, the City's total net position increased by \$192,275 and the assets of the City exceed its liabilities at June 30, 2023, by \$4,304,530 (net position). Of this amount, \$2,839,371 (unrestricted net position) is available to meet the government's ongoing needs.
- At June 30, 2023, the City's governmental funds reported combined ending fund balances on a modified cash basis of \$2,510,211.
- At the end of fiscal year 2023, unassigned fund balance on a modified cash basis for the General Fund was \$1,432,494 or 56% of General Fund revenues.

ABOUT THE CITY

The City of Wilburton is an incorporated municipality with a population of approximately 2,285 located in Latimer County in southeastern Oklahoma. The City is an aldermanic form of government. Under this form of government, the City is governed by the Mayor and a five-member City Council and operates under state law and City ordinances through the three branches of democratic government:

- Legislative – the City Council is a five-member governing body elected by the citizens at large
- Executive – the City Mayor is the Chief Executive Officer and is elected by the people
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

The City provides typical municipal services such as public safety, health and welfare, street and alley maintenance, parks and recreation, and through its Public Works Authority, certain utility services including water, wastewater, and sanitation.

The City's Financial Reporting Entity

This annual report includes all activities for which the City of Wilburton City Council is financially accountable. These activities, defined as the City's financial reporting entity, are operated within separate legal entities that make up the primary government.

The City's financial reporting entity includes the following separate legal entities.

- **The City of Wilburton** – an incorporated City that operates the public safety, streets and public works, health and welfare, culture and recreation, and administrative activities of the City – *reported as the primary government*
- **The Wilburton Public Works Authority (WPWA)** – public trust created pursuant to 60 O.S. § 176 to operate the water, wastewater, and sanitation services of the City, with the City Council members serving as the trustees – *considered part of the primary government presentation for reporting purposes*

In addition, as required by state law, all debt obligations incurred by the trust must be approved by two-thirds vote of the City Council. This is considered sufficient imposition of will to demonstrate financial accountability and to include the trust within the City's financial reporting entity. The public trust does not issue separate annual financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The government-wide financial statements present the complete financial picture of the City as applicable to the modified cash basis of accounting. They present governmental and business-type activities separately and combined. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Reporting the City as a Whole

The Statement of Net Position and Statement of Activities

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

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities: *Governmental activities* - Most of the City's basic services are reported here, including the police, fire, administration, and streets. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities; and *Business-type activities* - Activities where the City charges a fee to customers to help cover all or most of the cost of certain services it provides are reported here. The City's water, sewer, and sanitation utilities are reported as business-type activities.

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

Fund Financial Statements

The fund financial statements provide detailed information about the City's most significant (major) funds -- not the City as a whole. Some funds are required to be established by State law and by debt covenants. However, the City Council may also establish certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

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

Proprietary funds - When the City, through the Public Works Authority, charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are also reported on the modified cash basis of accounting. For example, these funds report the acquisition of capital assets and payments for debt principal as expenses and not as changes to asset and debt balances. The City's proprietary fund is the Wilburton Public Works Authority that accounts for the operation of the water, sewer, and sanitation activities.

Notes to the Financial Statements

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 24-36 of this report.

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents a Budgetary Comparison Schedule for the General Fund, combining and individual fund financial statements and schedules, and a federal and state grant awards schedule.

THE CITY AS A WHOLE

For the year ended June 30, 2023, net position on a modified cash basis for the governmental and business-type activities increased \$192,275.

Following is a summary of net position reported on a modified cash basis for the City of Wilburton.

Net Position (Modified Cash Basis)
(in thousands)
June 30, 2023

	<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>	
Current and other assets	\$ 2,510	\$ 2,452	2%	\$ 1,869	\$ 1,726	8%	\$ 4,379	\$ 4,178	5%
Total assets	<u>2,510</u>	<u>2,452</u>	2%	<u>1,869</u>	<u>1,726</u>	8%	<u>4,379</u>	<u>4,178</u>	5%
Current liabilities	-	-	0%	75	66	14%	75	66	14%
Total liabilities	<u>-</u>	<u>-</u>	0%	<u>75</u>	<u>66</u>	14%	<u>75</u>	<u>66</u>	14%
Net position									
Restricted	384	258	49%	1,081	1,055	2%	1,465	1,313	12%
Unrestricted	2,126	2,194	-3%	713	605	18%	2,839	2,799	1%
Total net position	<u>\$ 2,510</u>	<u>\$ 2,452</u>	2%	<u>\$ 1,794</u>	<u>\$ 1,660</u>	8%	<u>\$ 4,304</u>	<u>\$ 4,112</u>	5%

A portion of the City's net position, \$1,465,159, represents resources that are subject to external restrictions on how it may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing needs.

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

Changes in Net Position (Modified Cash Basis)
(in thousands)
Year Ended June 30, 2023

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2023	2022		2023	2022		2023	2022	
Revenues									
Charges for services	\$ 87	\$ 69	26%	\$ 2,008	\$ 1,898	6%	\$ 2,095	\$ 1,967	7%
Grants and contributions	183	201	-9%	-	-	-	183	201	-9%
Capital grants, debt proceeds and contributions	8	10	-20%	10	29	-66%	18	39	-54%
Sales & Use Tax	1,869	1,871	0%	-	-	-	1,869	1,871	0%
Other Taxes	88	78	13%	-	-	-	88	78	13%
Other General Revenues	548	390	41%	31	57	-46%	579	447	30%
Total revenues	2,783	2,619	6%	2,049	1,984	3%	4,832	4,603	5%
Expenses									
General government	566	410	38%	-	-	-	566	410	38%
Public safety	671	690	-3%	-	-	-	671	690	-3%
Highways and Streets	381	275	39%	-	-	-	381	275	39%
Culture and Recreation	261	162	61%	-	-	-	261	162	61%
Health and Welfare	151	139	9%	-	-	-	151	139	9%
Cemetery	12	14	-14%	-	-	-	12	14	-14%
Airport	15	35	-57%	-	-	-	15	35	-57%
Principal retirement	33	63	-48%	-	-	-	33	63	-48%
Interest on governmental debt	1	4	-75%	-	-	-	1	4	-75%
Water	-	-	-	1,719	1,593	8%	1,719	1,593	8%
Sewer	-	-	-	416	392	6%	416	392	6%
Sanitation	-	-	-	414	359	15%	414	359	15%
Total expenses	2,091	1,792	17%	2,549	2,344	9%	4,640	4,136	12%
Excess (deficiency) before transfers	692	827	-16%	(500)	(360)	39%	192	467	-59%
Transfers	(634)	(584)	9%	634	584	9%	-	-	-
Change in net position	58	243	-76%	134	224	-40%	192	467	-59%
Beginning net position	2,452	2,209	11%	1,660	1,436	16%	4,112	3,645	13%
Ending net position	\$ 2,510	\$ 2,452	2%	\$ 1,794	\$ 1,660	8%	\$ 4,304	\$ 4,112	5%

Other revenues increased in governmental activities by \$157,276 due mainly to the receipt of donations for the splashpad project in the current year. Culture and recreation expenditures increased by \$99,494 mainly due to capital outlay expenditures related to the splashpad project.

Capital grants, debt proceeds and capital contributions decreased in business-type activities by \$19,221 due to OWRB loan proceeds received in the prior year. Other revenues decreased in business-type activities by \$25,712 due mainly to the receipt of insurance proceeds in the prior year.

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

Governmental Activities

The City's governmental activities increased in net position of \$57,860 which represents an 2.3% increase from the prior year.

	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	\$ 410	38%	\$ (559)	\$ (407)	37%
Public safety	671	690	-3%	(494)	(518)	-5%
Streets	381	275	39%	(361)	(253)	43%
Culture, parks and recreation	261	162	61%	(256)	(156)	64%
Health and welfare	151	139	9%	(95)	(79)	20%
Cemetery	12	14	-14%	(9)	(10)	-10%
Airport	15	35	-57%	(6)	(23)	-74%
Principal retirement	33	63	-48%	(33)	(63)	-48%
Interest on long-term debt	1	4	-75%	(1)	(3)	-67%
Total	<u>\$ 2,091</u>	<u>\$ 1,792</u>	17%	<u>\$ (1,814)</u>	<u>\$ (1,512)</u>	20%

Business-type Activities

The business-type activities increase in net position of \$134,415 represents an 8.1% increase from the prior year.

	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	\$ 1,719	\$ 1,593	8%	\$ (428)	\$ (343)	25%
Wastewater	416	392	6%	(30)	(23)	30%
Sanitation	414	359	15%	(72)	(51)	41%
Total	<u>\$ 2,549</u>	<u>\$ 2,344</u>	9%	<u>\$ (530)</u>	<u>\$ (417)</u>	27%

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 \$2,510,211. For the year ended June 30, 2023, the General Fund's total fund balance decreased by \$112,650.

Other fund highlights include:

- For the year ended June 30, 2023 the Business-Type Activities (BTA)/Enterprise Fund Restricted Net Position was as follows:

BTA/Enterprise Fund Net Position Restrictions:		
Restricted for debt service	\$	1,080,984

Budgetary Highlights

For the year ended June 30, 2023, the General Fund reported actual budgetary basis revenues under final estimates by \$81,464 or a 2.8% negative variance. General Fund actual expenditures were under final appropriations by \$194,054 or a 6.3% positive variance.

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES

The following information outlines significant known factors that will affect subsequent year finances:

- The fiscal year 2024 budget is relatively consistent with prior year.

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to demonstrate 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 300 W. Main St., Wilburton, Oklahoma 74578 or telephone at 918-465-5361.

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

BASIC FINANCIAL STATEMENTS – STATEMENTS OF NET POSITION AND ACTIVITIES

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

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

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,618,422	\$ 1,869,148	\$ 3,487,570
Investments	869,811	-	869,811
Deposits with insurance pool	22,282	-	22,282
Total Assets	<u>2,510,515</u>	<u>1,869,148</u>	<u>4,379,663</u>
LIABILITIES			
Due to depositors	304	74,829	75,133
Total liabilities	<u>304</u>	<u>74,829</u>	<u>75,133</u>
NET POSITION			
Restricted for:			
Debt Service	-	1,080,984	1,080,984
Grant purposes	280,718	-	280,718
Street purposes	21,398	-	21,398
Cemetery	82,059	-	82,059
Unrestricted	2,126,036	713,335	2,839,371
Total net position	<u>\$ 2,510,211</u>	<u>\$ 1,794,319</u>	<u>\$ 4,304,530</u>

See accompanying notes to the basic financial statements.

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

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

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants, Debt Proceeds and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental Activities							
General government	\$ 566,027	\$ 7,292	\$ -	\$ -	\$ (558,735)	\$ -	\$ (558,735)
Public safety	671,243	70,639	106,745	-	(493,859)	-	(493,859)
Highways and streets	381,578	-	20,912	-	(360,666)	-	(360,666)
Culture and recreation	261,035	5,214	-	-	(255,821)	-	(255,821)
Health and welfare	150,616	-	54,962	-	(95,654)	-	(95,654)
Cemetery	11,908	2,250	-	-	(9,658)	-	(9,658)
Airport	14,983	1,710	-	7,500	(5,773)	-	(5,773)
Principal on governmental debt	32,715	-	-	-	(32,715)	-	(32,715)
Interest on governmental debt	1,030	-	-	-	(1,030)	-	(1,030)
Total governmental activities	2,091,135	87,105	182,619	7,500	(1,813,911)	-	(1,813,911)
Business-type activities:							
Water	1,719,366	1,291,271	-	-	-	(428,095)	(428,095)
Wastewater	415,723	376,071	-	9,534	-	(30,118)	(30,118)
Sanitation	413,477	341,160	-	-	-	(72,317)	(72,317)
Total business-type activities	2,548,566	2,008,502	-	9,534	-	(530,530)	(530,530)
Total primary government	\$ 4,639,701	\$ 2,095,607	\$ 182,619	\$ 17,034	(1,813,911)	(530,530)	(2,344,441)
General revenues:							
Taxes:							
Sales and use taxes					1,869,218	-	1,869,218
Franchise taxes and public service taxes					88,441	-	88,441
Intergovernmental revenue not restricted to specific programs					359,479	-	359,479
Investment income					7,536	27,483	35,019
Miscellaneous					180,661	3,898	184,559
Transfers					(633,564)	633,564	-
Total general revenues and transfers					1,871,771	664,945	2,536,716
Change in net position					57,860	134,415	192,275
Net position - beginning					2,452,351	1,659,904	4,112,255
Net position - ending					\$ 2,510,211	\$ 1,794,319	\$ 4,304,530

See accompanying notes to the basic financial statements.

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

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

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

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

	General Fund	Capital Improvements Fund	ARPA Grant Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 836,666	\$ 419,355	\$ 280,718	\$ 81,683	\$ 1,618,422
Investments	681,746	149,676	-	38,389	869,811
Deposits with insurance pool	22,282	-	-	-	22,282
Due from other funds	349	-	-	-	349
Total assets	<u>\$ 1,541,043</u>	<u>\$ 569,031</u>	<u>280,718</u>	<u>\$ 120,072</u>	<u>\$ 2,510,864</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds	\$ 349	\$ -	\$ -	\$ -	\$ 349
Deposits held for others	304	-	-	-	304
Total liabilities	<u>653</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>653</u>
Fund balances:					
Restricted for:					
Grants	-	-	280,718	-	280,718
Street and alley	-	-	-	21,398	21,398
Cemetery care	-	-	-	82,059	82,059
Committed for Capital Improvement	-	528,428	-	-	528,428
Assigned for:					
Airport	20,835	-	-	-	20,835
Energy smart	27,169	-	-	-	27,169
Fire	16,062	-	-	-	16,062
Parks and recreation	43,830	-	-	-	43,830
Cemetery care	-	-	-	16,615	16,615
Capital improvement	-	40,603	-	-	40,603
Unassigned	1,432,494	-	-	-	1,432,494
Total fund balances	<u>1,540,390</u>	<u>569,031</u>	<u>280,718</u>	<u>120,072</u>	<u>2,510,211</u>
Total liabilities and fund balances	<u>\$ 1,541,043</u>	<u>\$ 569,031</u>	<u>\$ 280,718</u>	<u>\$ 120,072</u>	<u>\$ 2,510,864</u>

See accompanying notes to the basic financial statements.

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

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

	General Fund	Capital Improvements Fund	ARPA Grant Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 1,957,659	\$ -	\$ -	\$ -	\$ 1,957,659
Intergovernmental	237,206	-	224,091	20,912	482,209
Charges for services	7,934	-	-	2,250	10,184
Fines and forfeitures	69,629	-	-	-	69,629
Licenses and permits	7,292	-	-	-	7,292
Investment income	5,570	1,429	-	537	7,536
Miscellaneous	245,507	12,077	-	-	257,584
Total revenues	<u>2,530,797</u>	<u>13,506</u>	<u>224,091</u>	<u>23,699</u>	<u>2,792,093</u>
EXPENDITURES					
Current:					
General government	417,422	-	1,188	-	418,610
Public safety	605,761	-	3,694	-	609,455
Highways and streets	254,016	-	-	16,397	270,413
Culture and recreation	91,844	-	4,091	-	95,935
Health and welfare	150,616	-	-	-	150,616
Cemetery	11,908	-	-	-	11,908
Airport	8,256	-	-	-	8,256
Capital outlay	396,992	75,980	96,212	-	569,184
Debt service:					
Principal retirement	-	32,715	-	-	32,715
Interest	-	1,030	-	-	1,030
Total Expenditures	<u>1,936,815</u>	<u>109,725</u>	<u>105,185</u>	<u>16,397</u>	<u>2,168,122</u>
Excess (deficiency) of revenues over expenditures	<u>593,982</u>	<u>(96,219)</u>	<u>118,906</u>	<u>7,302</u>	<u>623,971</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	250,055	140,521	-	-	390,576
Transfers out	(956,687)	-	-	-	(956,687)
Total other financing sources and uses	<u>(706,632)</u>	<u>140,521</u>	<u>-</u>	<u>-</u>	<u>(566,111)</u>
Net change in fund balances	(112,650)	44,302	118,906	7,302	57,860
Fund balances - beginning	1,653,040	524,729	161,812	112,770	2,452,351
Fund balances - ending	<u>\$ 1,540,390</u>	<u>\$ 569,031</u>	<u>\$ 280,718</u>	<u>\$ 120,072</u>	<u>\$ 2,510,211</u>

See accompanying notes to the basic financial statements.

**CITY OF WILBURTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
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BASIC FINANCIAL STATEMENTS – PROPRIETARY FUND

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

Proprietary Type Enterprise Fund Statement of Net Position (Modified Cash Basis) – June 30, 2023

	<u>Wilburton Public Works Authority Enterprise Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 718,737
Restricted:	
Cash and cash equivalents	452,154
Total current assets	<u>1,170,891</u>
Non-current assets:	
Restricted:	
Cash and cash equivalents	698,257
Total non-current assets	<u>698,257</u>
Total assets	<u>1,869,148</u>
 LIABILITIES	
Current liabilities:	
Meter deposit liability	74,829
Total liabilities	<u>74,829</u>
 NET POSITION	
Restricted for debt service	1,080,984
Unrestricted	713,335
Total net position	<u>\$ 1,794,319</u>

See accompanying notes to the basic financial statements.

CITY OF WILBURTON, OKLAHOMA
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Proprietary Type Enterprise Fund Statement of Revenues, Expenses and Changes in Net Position
(Modified Cash Basis) – Year Ended June 30, 2023

	<u>Wilburton Public Works Authority Enterprise Fund</u>
REVENUES	
Charges for services:	
Water	\$ 1,277,908
Sewer	372,214
Sanitation	337,695
Water tap fees	250
Sewer tap fees	38
Penalties	18,235
Miscellaneous	2,162
Total operating revenues	2,008,502
OPERATING EXPENSES	
Administration	268,262
Water treatment	517,416
Water maintenance	353,343
Sewer	293,927
Sanitation	367,281
Total operating expenses	1,800,229
Operating income	208,273
NON-OPERATING REVENUES (EXPENSES)	
Investment income	27,483
Miscellaneous income	3,898
Capital Outlay	(22,278)
Principal retirement	(365,000)
Interest expense and trustee fees	(284,072)
Total non-operating revenue (expenses)	(639,969)
Income (loss) before transfers	(431,696)
Transfers in	805,012
Transfers out	(238,901)
Change in net position	134,415
Total net position - beginning	1,659,904
Total net position - ending	\$ 1,794,319

See accompanying notes to the basic financial statements.

**CITY OF WILBURTON, OKLAHOMA
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Proprietary Type Enterprise Fund Statement of Cash Flows (Modified Cash Basis) – Year Ended June 30, 2023

	Wilburton Public Works Authority Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 2,012,400
Payments to suppliers	(1,169,957)
Payments to employees	(630,272)
Receipts of customer meter deposits	18,827
Refunds of customer meter deposits	(10,250)
Net cash provided by operating activities	220,748
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	805,012
Transfers to other funds	(238,901)
Net cash provided by noncapital financing activities	566,111
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital outlay	(22,278)
Principal paid on debt	(365,000)
Interest and fiscal agent fees paid on debt	(284,072)
Net cash (used in) capital and related financing activities	(671,350)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	27,483
Net cash provided by investing activities	27,483
Net increase in cash and cash equivalents	142,992
Balances - beginning of year	1,726,156
Balances - end of year	\$ 1,869,148
Reconciliation to Statement of Net Position:	
Cash and cash equivalents	\$ 718,737
Restricted cash and cash equivalents - current	452,154
Restricted cash and cash equivalents - noncurrent	698,257
Total cash and cash equivalents, end of year	\$ 1,869,148
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 208,273
Adjustments to reconcile operating income to net cash provided by operating activities:	
Miscellaneous revenue	3,898
Change in assets and liabilities:	
Deposits subject to refund	8,577
Net cash provided by operating activities	\$ 220,748

See accompanying notes to the basic financial statements.

**CITY OF WILBURTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
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FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City's financial reporting entity includes two separate legal entities reported as the primary government as follows:

- **The City of Wilburton** – operates the public safety, streets, health and welfare, culture and recreation, and administrative activities of the City.
- **The Wilburton Public Works Authority (WPWA)** – that operates the water, wastewater, and sanitation services of the City. The City of Wilburton is the beneficiary of the trust and the City Council serves as the governing body of the trust.

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "*The Financial Reporting Entity*", as amended by GASB Statement 61, and includes all component units for which the City is financially accountable.

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

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.

As required by state law, all debt obligations incurred by the above trust must be approved by two-thirds vote of the City Council. This is considered sufficient imposition of will to demonstrate financial accountability and to include the trust within the City's financial reporting entity. The public trust does not issue separate annual financial statements.

B. Basis of Presentation and Accounting

Government-Wide Financial Statements:

The statement of net position and activities are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles. These modifications include adjustments for the following balances arising from cash transactions:

B. Basis of Presentation and Accounting, (Cont'd)

- cash-based interfund receivables and payables
- other cash-based receivables/payables
- investments and deposits with third parties
- utility deposit liabilities

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

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

- General government: License and permits and operating grants
- Public safety: Fine revenue, fire runs and operating grants
- Streets and highways: Gas excise and commercial vehicle taxes
- Culture and recreation: Recreation fees
- Health and welfare: Operating grants
- Cemetery: Lot sales and interments
- Airport: Fees and capital grants

Business-type activities are also reported on a modified cash basis.

Governmental Funds:

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

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds. The Energy Smart account, Fire Equipment account, Parks and Recreation account, the Airport account, Community Development P&R Account and the Skateboard Park account are included within the General Fund.
- ARPA Grant Fund – accounts for ARPA grant activities
- Capital Improvements Fund – accounts for capital improvements activities

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

- Street and Alley Fund – accounts for state shared gasoline excise and commercial vehicle taxes legally restricted for street and alley purposes
- Cemetery Care Fund – accounts for 12.5 percent of cemetery revenues restricted by State law for cemetery capital improvements

B. Basis of Presentation and Accounting, (Cont'd)

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

Proprietary Fund:

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

- Wilburton Public Works Authority (WPWA) – accounts for the operation of the water, wastewater, and sanitation activities

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.

All of the above noted funds are legally required to adopt annual budgets or appropriations. The public trust (or Authority) is not required to adopt legal annual appropriations. While each trust develops an annual budget, it is for financial management purposes and does not constitute legal appropriations.

C. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include all demand and savings accounts, certificates of deposit, and any short-term investments with an original maturity of three months or less, and open-end government mutual funds. Investments consist of long-term certificates of deposits and are reported at cost.

D. Capital Assets

Due to the use of this modified cash basis of accounting, capital assets are reported as expenditures or expenses in the year of acquisition in the financial statements.

E. Long-Term Debt

Due to the use of this modified cash basis of accounting, long-term debt obligations are not reported in the financial statements. However, the amount of long-term debt issued and outstanding at the end of the fiscal year is reported as a commitment in Note 9.

F. Compensated Absences

As a result of the use of the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the financial statements. Expenditures/expenses related to compensated absences are recorded when paid. The amount of accrued compensated absences for accumulated, unpaid compensatory time that would be due to employees upon termination is reported as a commitment in Note 9.

G. Equity Classifications

Government-Wide Statements:

Equity is classified as net position and displayed in two components:

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

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

Fund Statements:

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

- a. Nonspendable – includes amounts that cannot be spent because they are either 1) not in spendable form or 2) 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) law through constitutional provisions or enabling legislation.
- c. Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision-making authority. The City’s highest level of decision-making authority is made by ordinance.
- d. Assigned – includes amounts that are constrained by the City’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by City Council action or management decision when the City Council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

It is the City’s policy to first use restricted fund balance prior to the use of 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.

Proprietary fund equity is classified the same as in the government-wide statements.

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H. Internal and Interfund Balances and Transfers

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

2. Deposits and Investments

For the year ended June 30, 2023, the City recognized \$35,019 of investment income. Due to the minimal rates of return on allowable investments in the current environment, most of the City’s deposits are in demand and short-term time deposits.

At June 30, 2023, the primary government held the following deposits and investments:

Type	Credit Rating	Carrying Value
Deposits:		
Demand deposits		\$ 2,424,078
Cash on hand		200
Time deposit		869,811
		\$ 3,294,089
Investments:		
MM Funds - Federated Government Obligations TaxManaged Fund #637	AAAm	\$ 1,063,292
		1,063,292
Total deposits and investments		\$ 4,357,381
 Reconciliation to Statement of Net Position:		
Cash and cash equivalents		\$ 3,487,570
Investments		869,811
		\$ 4,357,381

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the government deposits may not be returned to it. The City is governed by the State Public Deposit Act which requires that the City obtain and hold collateral whose fair value exceeds the amount of uninsured deposits. Investment securities are exposed to custody credit risk if the securities are uninsured, are not registered in the name of the government, and if held by a counterparty or a counterparty’s trust, department or agent, but not in the government’s name. As of June 30, 2023, the City was undercollateralized by \$383,662 at one banking institution.

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2. Deposits and Investments (Cont'd)

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. All of the City's investments as of June 30, 2023 will mature during the next fiscal year.

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

Concentration of Investment Credit Risk - the City places no limit on the amount it may invest in any one issuer.

Restricted Cash and Investments – The amounts reported as restricted assets on the Enterprise Fund statement of net position is comprised mostly of amounts restricted for debt service, debt reserve, or construction purposes. The restricted assets as of June 30, 2023 are as follows:

	Current	Non-Current
	Cash and cash equivalents	Cash and cash equivalents
Utility Deposits	\$ 69,427	\$ -
Water/Sewer Savings	936	-
OWRB CWSRF Account	16,756	-
Series 2014 Reserve Fund Account	-	558,088
Series 2014 Bond Fund Account	291,128	-
Series 2017 Bond Fund Account	73,907	-
Series 2017 Reserve Fund Account	-	140,169
Total	\$ 452,154	\$ 698,257

3. Sales Tax Revenue

Sales tax revenue represents a 3.5 cent tax on each dollar of taxable sales of which 1½ cents is voter-restricted for debt service on water and sewer related debt in accordance with Ordinance 06-1041 and Ordinance 09-1071. The remaining two cents is not restricted and is retained in the General Fund (Ordinance 305-A and 329). Council has approved ¼ cent to be transferred from the General Fund each month and deposited to the Capital Improvements Fund for capital improvements of the City and the WPWA and/or any other matter the City Council and Mayor deems necessary.

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4. Property Tax Levy

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

5. Customer Deposits

Refundable customer deposits reported as a liability within the Statement of Net Position are comprised of utility customer deposits payable.

	\$ 74,829
Total Utility Deposits Payable	\$ 74,829

6. Schedule of Transfers Between Funds and Legal Entities

Transfers between funds and legal entities are comprised of the following:

Transfer From	Transfer To	Amount	Purpose of Transfer
WPWA	General Fund	\$ 238,901	Return of sales tax transfer
General Fund	Capital Improvement Fund	119,451	Sales tax transfer
General Fund	WPWA	566,111	Sales tax transfer (wastewater)
General Fund	WPWA	238,901	Sales tax transfer
General Fund	Community Development - P&R	11,154	Grant activity
General Fund	Capital Improvement Fund	21,070	Debt payment
Total		\$ 1,195,588	

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	Net Transfers
Governmental Activities	\$ 390,576	\$ (956,687)	\$ (566,111)
Business-Type Activities	805,012	(238,901)	566,111
	\$ 1,195,588	\$ (1,195,588)	-

Interfund balances between activities at June 30, 2023 were as follow:

Due From	Due To	Amount	Nature of Balance
General Fund	Park & Recreation Fund	\$ 349	Donations deposited to wrong fund
Total		\$ 349	

Reconciliation to Fund Financial Statements:

	Due From	Due To	Net Internal Balances
Governmental Funds	\$ 349	\$ (349)	\$ -
Proprietary Funds	-	-	-
Total	\$ 349	\$ (349)	\$ -

7. Risk Management

The City and its public trusts are exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. These risks are managed by securing commercial insurance for all risks. Management believes such insurance coverage is sufficient to preclude any significant uninsured losses. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

8. Employee Retirement Plan Participation

The City of Wilburton participates in two pension or retirement plans:

- Oklahoma Firefighter’s Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
- Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust (OkMRF-DBP) – an agent multiple-employer defined benefit plan

OFPRS

The City of Wilburton, as the employer, participates in a statewide cost-sharing multiple- employer defined benefit pension plan through the Oklahoma Firefighter’s Pension and Retirement System (OFPRS) as a result of the employment of volunteer firefighters. The OFPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the City must participate in the plan if they employ fulltime or volunteer firefighters. For 2023, 2022, and 2021, the City's annual required contribution was \$1,500, \$1,500, and \$1,440, respectively for the OFPRS plan and was equal to the City's actual contribution for each year, except for 2022. The City did not pay any contributions in FY 21-22. That payment was made in FY 22-23, along with that year’s contribution.

The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

OFPRS
6601 Broadway Extension, Suite 100
Oklahoma City, OK 73116

OkMRF Defined Benefit Plan:

Effective July 1, 2016, the City began contributing to the City of Wilburton Plan and Trust in the form of The Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust, an agent multiple employer - defined benefit plan, for all eligible employees. Administration of the City’s individual plan rests with the City Council. The overall operations of OkMRF are supervised by a nine-member Council of Trustees elected by the participating municipalities. JP Morgan of Oklahoma City acts as administrator and securities custodian.

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8. Employee Retirement Plan Participation (Cont'd)

Eligibility Factors, Contribution Methods and Benefit Provisions

Provision	OkMRF Plan
a. Eligible to Participate	Full-time, non-uniformed employees of the City upon hire.
b. Contribution Requirements:	
-Authorization	By City ordinance
-Actuarially Determined	Yes
-Employer Rate	2.95% of covered payroll (City approved increased employer rate to 6%)
-Employee Rate	1.50% of earnings
c. Period Required to Vest	10 years of credited service
d. Eligibility for Distribution	-Normal retirement at age 65 with 10 years of service -Early retirement at age 55 with 10 years of service -Disability retirement with 10 years of service -Marital death benefit with 10 years of service
e. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
f. Benefit Determination Methods:	
-Normal Retirement	1.5% of final average salary multiplied by credited years of service
-Early Retirement	Actuarially reduced benefit based upon age and years of service at termination
-Disability Retirement	Same as normal retirement
-Death Benefit	50% of employee's accrued benefit, but terminates upon spouse remarriage
-Prior to 7 Years Service	Return of employee contributions with accrued interest
g. Form of Benefit Payments	Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, optional form based on actuarial equivalent.

2. Actuarial Assumptions

<u>Date of Last Actuarial Valuation</u>	<u>July 1, 2022</u>
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments	7.25%
c. Projected Salary Increase	Rates by Age
d. Post Retirement Cost-of-Living Increase	N/A
e. Inflation Rate	Separate inflation rate not available; inflation included in projected salary increase
f. Mortality	PubG-2010 (projected)
g. Asset Valuation Method	Actuarial method

The OkMRF contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2021	35,395	35,395
2022	32,833	35,702
2023	31,999	65,263

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

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9. Commitments and Contingencies

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 01, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Governmental Activities:					
Notes Payable (direct borrowings)	\$ 32,715	\$ -	\$ 32,715	\$ -	32,715
Total Governmental Activities	<u>\$ 32,715</u>	<u>\$ -</u>	<u>\$ 32,715</u>	<u>\$ -</u>	<u>\$ 32,715</u>
Business-Type Activities:					
Notes Payable (direct borrowings)	\$ 7,825,000	\$ -	\$ 365,000	\$ 7,460,000	380,000
Total Business-Type Activities	<u>\$ 7,825,000</u>	<u>\$ -</u>	<u>\$ 365,000</u>	<u>\$ 7,460,000</u>	<u>\$ 380,000</u>

Governmental Activities:

At June 30, 2023, the governmental activities had no long-term debt payable from taxes and other general revenues.

Business-Type Activities:

Long-term commitments payable from net revenues generated by the utility resources or other resources pledged to the City's business-type activities at June 30, 2023, includes the following:

Notes Payable (Direct Borrowings):

Series 2014 Promissory Note (FAP) Payable to Oklahoma Water Resources Board dated August 1, 2014, original amount of \$7,455,000 with an annual interest rate ranging from 2.4% to 4.4%, due in semi-annual installments of principal and interest beginning March 15, 2015, final installment due September 15, 2036, payable from and secured by utility revenues and pledged sales tax. In the event of default on the OWRB loan, the lender may: file suit to require any or all of the borrower covenants to be performed; accelerate the payment of principal and interest accrued on the note; appoint temporary trustees to take over, operate and maintain System on a profitable basis; or file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement.

\$ 5,855,000

Series 2017 Promissory Note (FAP) Payable to Oklahoma Water Resources Board dated November 29, 2017, original amount of \$1,935,000 with an annual interest rate ranging from 2.2% to 4.2%, due in semi-annual installments of principal and interest beginning March 15, 2018, final installment due September 15, 2038, payable from and secured by utility revenues and pledged sales tax. In the event of default on the OWRB loan, the lender may: file suit to require any or all of the borrower covenants to be performed; accelerate the payment of principal and interest accrued on the note; appoint temporary trustees to take over, operate and maintain System on a profitable basis; or file suit to enforce or enjoin the action or inaction of the borrower under the provisions of the loan agreement.

1,605,000

Total Notes Payable	<u>\$ 7,460,000</u>
Current portion	\$ 380,000
Noncurrent portion	<u>7,080,000</u>
Total Notes Payable	<u>\$ 7,460,000</u>

**CITY OF WILBURTON, OKLAHOMA
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9. Commitments and Contingencies (Cont'd)

Payment Requirements to Maturity:

<u>Year Ending June 30,</u>	Business-type Activities	
	Notes Payable (Direct Borrowings)	
	Principal	Interest
2024	\$ 380,000	\$ 268,857
2025	410,000	256,078
2026	425,000	242,444
2027	450,000	227,359
2028	465,000	211,146
2029-2033	2,600,000	779,825
2034-2038	2,600,000	237,371
2039	130,000	2,161
Totals	\$ 7,460,000	\$ 2,225,241

Pledge of Future Revenues

Sales Tax and Utility Net Revenues Pledge - The City has 1½ cent (or 42.85%) of restricted sales tax revenues, one cent (or 28.57%) of pledged sales tax revenues for debt service coverage purposes (if needed) and net utility revenues to repay the \$7,455,000 of Series 2014 OWRB Promissory Note and the \$1,935,000 of Series 2017 OWRB Promissory Note. Proceeds from the notes provide financing for capital assets. The notes are payable from restricted and pledged sales tax revenues and net utility revenues and are payable through 2036 and 2038, respectively. The total principal and interest payable for the remainder of the life of these debt issues is \$9,685,241. Pledged sales taxes received in the current year were \$716,704, and net utility revenues were \$208,273. Debt service payments of \$649,072 for the current fiscal year were 70% of the pledged sales taxes and net utility revenues, producing a debt service coverage of 1.36 times the maximum annual debt service of \$682,024 for the 2014 and 2017 notes.

Compensated Absences:

As a result of the City's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and comp leave) earned but unpaid at year-end are not reflected in the basic financial statements. The compensated absence commitment at June 30, 2023 is \$10,492 for the City and \$12,452 for the WPWA.

9. Commitments and Contingencies (Cont'd)

Litigation:

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

Federal and State Award Programs:

The City of Wilburton participates in various federal or state grant/loan programs from year to year. In 2023, the City's involvement in federal and state award programs was not significant. 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.

**CITY OF WILBURTON, OKLAHOMA
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SUPPLEMENTARY AND OTHER INFORMATION

**CITY OF WILBURTON, OKLAHOMA
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Budgetary Comparison Schedule (Budgetary Basis) – Year Ended June 30, 2023

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ 1,533,539	\$ 1,533,539
Resources (Inflows):				
Taxes	1,952,625	1,952,625	1,957,659	5,034
Intergovernmental	210,141	210,141	229,706	19,565
Fines and forfeitures	40,562	40,562	69,629	29,067
Licenses and permits	3,000	3,000	7,292	4,292
Investment earnings	3,327	3,327	5,518	2,191
Miscellaneous	79,059	372,177	244,989	(127,188)
Transfers in	237,177	264,480	250,055	(14,425)
Total Resources (Inflows)	<u>2,525,891</u>	<u>2,846,312</u>	<u>2,764,848</u>	<u>(81,464)</u>
Amounts available for appropriation	<u>\$ 2,525,891</u>	<u>\$ 2,846,312</u>	<u>\$ 4,298,387</u>	<u>\$ 1,452,075</u>
Charges to Appropriations (Outflows):				
General government	267,990	348,058	364,357	(16,299)
City management	56,930	58,138	56,996	1,142
City clerk/treasurer	68,024	73,694	73,362	332
City building official	7,567	7,567	7,566	1
Municipal court	9,934	12,924	12,745	179
City attorney	9,600	9,600	9,600	-
Police	483,399	538,319	514,701	23,618
Animal control	6,000	6,000	5,116	884
Fire	107,180	83,300	82,535	765
Streets	287,243	319,635	318,274	1,361
Library	8,400	8,400	8,400	-
Cemetery	17,200	12,200	11,908	292
Senior citizen center	156,480	166,880	150,616	16,264
Civil defense	16,095	16,115	16,112	3
Airport	8,400	8,400	8,400	-
Parks and recreation	28,342	344,244	179,789	164,455
Main street	10,000	10,000	10,000	-
Community development	56,693	59,907	58,883	1,024
911 Maintenance and operations	31,000	31,000	31,000	-
Transfers out	889,414	945,566	945,533	33
Total Charges to Appropriations	<u>2,525,891</u>	<u>3,059,947</u>	<u>2,865,893</u>	<u>194,054</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ (213,635)</u>	<u>\$ 1,432,494</u>	<u>\$ 1,646,129</u>

**CITY OF WILBURTON, OKLAHOMA
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Budgetary Comparison Statements (Budgetary Basis) – Year Ended June 30, 2023 (Cont.)

Footnotes to Budgetary Comparison Schedules:

1. The budgetary comparison schedules are reported on a budgetary basis that differs from the modified cash basis as the governmental funds within the basic financial statements.
2. The legal level of appropriation control is the department level within a fund. Transfer appropriations require the Mayor’s approval and supplemental appropriations require City Council’s approval.
3. The budgetary basis differs from the modified cash basis as shown in the schedule below:

	General Fund
Resources budgetary basis	\$ 2,764,848
Deduct transfers in	(250,055)
	\$ 2,514,793
Revenue - modified cash basis (General Fund only)	
Charges to appropriation budgetary basis	\$ 2,865,893
Deduct transfers out	(945,533)
Airport account expenditures	(8,400)
	\$ 1,911,960
Expenditures - modified cash basis (General Fund only)	

4. In the General Fund, the City had an over expenditure in the following department:

- General Government - \$16,299

This overage is due to OMAG worker’s comp deposits with insurance pool activity in the amount of \$6,882 and to remove \$9,534 of expense budgeted in another fund.

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

Combining Balance Sheet – General Fund Accounts (Modified Cash Basis) – June 30, 2023

	<u>General Fund</u>	<u>Energy Smart Account</u>	<u>Fire Equipment Account</u>	<u>Parks and Recreation Account</u>	<u>Airport Account</u>	<u>Skateboard Park Account</u>	<u>Community Development-P&R</u>	<u>Total General Fund Accounts</u>
ASSETS								
Cash and cash equivalents	\$ 728,770	\$ 27,169	\$ 16,062	\$ 40,130	\$ 20,835	\$ 3,700	\$ -	\$ 836,666
Investments	681,746	-	-	-	-	-	-	681,746
Deposits with insurance pool	22,282	-	-	-	-	-	-	22,282
Due from other funds	-	-	-	-	-	349	-	349
Total assets	<u>\$ 1,432,798</u>	<u>\$ 27,169</u>	<u>\$ 16,062</u>	<u>\$ 40,130</u>	<u>\$ 20,835</u>	<u>\$ 4,049</u>	<u>\$ -</u>	<u>\$ 1,541,043</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Due to other funds	\$ -	\$ -	\$ -	\$ 349	\$ -	\$ -	\$ -	\$ 349
Deposits held for others	304	-	-	-	-	-	-	304
Total liabilities	<u>304</u>	<u>-</u>	<u>-</u>	<u>349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>653</u>
Fund balances:								
Assigned to:								
Airport	-	-	-	-	20,835	-	-	20,835
Energy smart	-	27,169	-	-	-	-	-	27,169
Fire	-	-	16,062	-	-	-	-	16,062
Parks and recreation	-	-	-	39,781	-	4,049	-	43,830
Unassigned	1,432,494	-	-	-	-	-	-	1,432,494
Total fund balances	<u>1,432,494</u>	<u>27,169</u>	<u>16,062</u>	<u>39,781</u>	<u>20,835</u>	<u>4,049</u>	<u>-</u>	<u>1,540,390</u>
Total liabilities and fund balances	<u>\$ 1,432,798</u>	<u>\$ 27,169</u>	<u>\$ 16,062</u>	<u>\$ 40,130</u>	<u>\$ 20,835</u>	<u>\$ 4,049</u>	<u>\$ -</u>	<u>\$ 1,541,043</u>

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

	<u>General Fund</u>	<u>Energy Smart Account</u>	<u>Fire Equipment Account</u>	<u>Parks and Recreation Account</u>	<u>Airport Account</u>	<u>Skateboard Park Account</u>	<u>Community Development-P&R</u>	<u>Total General Fund Accounts</u>
REVENUES								
Taxes	\$ 1,957,659	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,957,659
Intergovernmental	229,706	-	-	-	7,500	-	-	237,206
Charges for services	-	-	1,010	5,214	1,710	-	-	7,934
Fees and fines	69,629	-	-	-	-	-	-	69,629
Licenses and permits	7,292	-	-	-	-	-	-	7,292
Investment income	5,518	-	-	43	9	-	-	5,570
Miscellaneous	244,989	-	518	-	-	-	-	245,507
Total revenues	<u>2,514,793</u>	<u>-</u>	<u>1,528</u>	<u>5,257</u>	<u>9,219</u>	<u>-</u>	<u>-</u>	<u>2,530,797</u>
EXPENDITURES								
Current:								
General government	417,422	-	-	-	-	-	-	417,422
Public Safety	605,761	-	-	-	-	-	-	605,761
Highways and streets	254,016	-	-	-	-	-	-	254,016
Culture and recreation	81,972	-	-	9,872	-	-	-	91,844
Health and welfare	150,616	-	-	-	-	-	-	150,616
Cemetery	11,908	-	-	-	-	-	-	11,908
Airport	-	-	-	-	8,256	-	-	8,256
Capital outlay	390,265	-	-	-	6,727	-	-	396,992
Total Expenditures	<u>1,911,960</u>	<u>-</u>	<u>-</u>	<u>9,872</u>	<u>14,983</u>	<u>-</u>	<u>-</u>	<u>1,936,815</u>
Excess (deficiency) of revenues over expenditures	<u>602,833</u>	<u>-</u>	<u>1,528</u>	<u>(4,615)</u>	<u>(5,764)</u>	<u>-</u>	<u>-</u>	<u>593,982</u>
OTHER FINANCING SOURCES (USES)								
Interaccount transfers in	-	-	-	-	8,400	-	-	8,400
Interaccount transfers out	(8,400)	-	-	-	-	-	-	(8,400)
Transfers in	250,055	-	-	-	-	-	-	250,055
Transfers out	(945,533)	-	-	-	-	-	(11,154)	(956,687)
Total other financing sources and uses	<u>(703,878)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,400</u>	<u>-</u>	<u>(11,154)</u>	<u>(706,632)</u>
Net change in fund balances	(101,045)	-	1,528	(4,615)	2,636	-	(11,154)	(112,650)
Fund balances - beginning	1,533,539	27,169	14,534	44,396	18,199	4,049	11,154	1,653,040
Fund balances - ending	<u>\$ 1,432,494</u>	<u>\$ 27,169</u>	<u>\$ 16,062</u>	<u>\$ 39,781</u>	<u>\$ 20,835</u>	<u>\$ 4,049</u>	<u>\$ -</u>	<u>\$ 1,540,390</u>

CITY OF WILBURTON, OKLAHOMA
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Combining Balance Sheet – Nonmajor Governmental Funds (Modified Cash Basis) – June 30, 2023

	<u>Streets and Alley Fund</u>	<u>Cemetery Care Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 21,398	\$ 60,285	\$ 81,683
Investments	-	38,389	38,389
Total assets	<u>21,398</u>	<u>98,674</u>	<u>120,072</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Fund balances:			
Restricted for:			
Street and alley	\$ 21,398	\$ -	\$ 21,398
Cemetery care	-	82,059	82,059
Assigned for:			
Cemetery care	-	16,615	16,615
Total fund balances	<u>21,398</u>	<u>98,674</u>	<u>120,072</u>
Total liabilities and fund balances	<u>\$ 21,398</u>	<u>\$ 98,674</u>	<u>\$ 120,072</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds (Modified Cash Basis) – Year Ended June 30, 2023

	<u>Streets and Alley Fund</u>	<u>Cemetery Care Fund</u>	<u>Total-Other Governmental Funds</u>
REVENUES			
Intergovernmental	\$ 20,912	\$ -	\$ 20,912
Charges for services	-	2,250	2,250
Investment income	-	537	537
Total revenues	<u>20,912</u>	<u>2,787</u>	<u>23,699</u>
EXPENDITURES			
Current:			
Highways and streets	16,397	-	16,397
Total Expenditures	<u>16,397</u>	<u>-</u>	<u>16,397</u>
Excess (deficiency) of revenues over expenditures	<u>4,515</u>	<u>2,787</u>	<u>7,302</u>
Net change in fund balances	4,515	2,787	7,302
Fund balances - beginning	16,883	95,887	112,770
Fund balances - ending	<u>\$ 21,398</u>	<u>\$ 98,674</u>	<u>\$ 120,072</u>

CITY OF WILBURTON, OKLAHOMA
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Proprietary Type Enterprise Fund Accounts Combining Schedule of Net Position (Modified Cash Basis) – June 30, 2023

	Wilburton Public Works Authority		
	Enterprise Fund		
	Gross Revenue Account	Wastewater Account	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 702,824	\$ 15,913	\$ 718,737
Restricted:			
Cash and cash equivalents	452,154	-	452,154
Total current assets	<u>1,154,978</u>	<u>15,913</u>	<u>1,170,891</u>
Non-current assets:			
Restricted:			
Cash and cash equivalents	698,257	-	698,257
Total non-current assets	<u>698,257</u>	<u>-</u>	<u>698,257</u>
Total assets	<u>1,853,235</u>	<u>15,913</u>	<u>1,869,148</u>
LIABILITIES			
Current Liabilities:			
Meter deposit liability	74,829	-	74,829
Total liabilities	<u>74,829</u>	<u>-</u>	<u>74,829</u>
NET POSITION			
Restricted for debt service	1,080,984	-	1,080,984
Unrestricted	697,422	15,913	713,335
Total net position	<u>\$ 1,778,406</u>	<u>\$ 15,913</u>	<u>\$ 1,794,319</u>

CITY OF WILBURTON, OKLAHOMA
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Proprietary Type Enterprise Fund Accounts Combining Schedule of Revenues, Expenses, and Changes in Net Position (Modified Cash Basis) - Year Ended June 30, 2023

	Wilburton Public Works Authority Enterprise Fund		
	Gross Revenue Account	Wastewater Account	Total
REVENUES			
Charges for services:			
Pledged as security:			
Water	\$ 1,277,908	\$ -	\$ 1,277,908
Sewer	372,214	-	372,214
Sanitation	337,695	-	337,695
Water tap fees	250	-	250
Sewer tap fees	38	-	38
Penalties	18,235	-	18,235
Miscellaneous	2,162	-	2,162
Total operating revenues	<u>2,008,502</u>	<u>-</u>	<u>2,008,502</u>
OPERATING EXPENSES			
Administration	268,262	-	268,262
Water treatment	517,416	-	517,416
Water maintenance	353,343	-	353,343
Sewer	293,927	-	293,927
Sanitation	367,281	-	367,281
Total Operating Expenses	<u>1,800,229</u>	<u>-</u>	<u>1,800,229</u>
Operating income	<u>208,273</u>	<u>-</u>	<u>208,273</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	27,472	11	27,483
Miscellaneous income	3,898	-	3,898
Capital outlay	(22,278)	-	(22,278)
Principal retirement	(365,000)	-	(365,000)
Interest expense	(284,072)	-	(284,072)
Total non-operating revenue (expenses)	<u>(639,980)</u>	<u>11</u>	<u>(639,969)</u>
Income (loss) before transfers	<u>(431,707)</u>	<u>11</u>	<u>(431,696)</u>
Transfers in	238,901	566,111	805,012
Transfers out	(238,901)	-	(238,901)
Interaccount transfers in	647,781	76,000	723,781
Interaccount transfers out	(76,000)	(647,781)	(723,781)
Change in net position	<u>140,074</u>	<u>(5,659)</u>	<u>134,415</u>
Total net position - beginning	<u>1,638,332</u>	<u>21,572</u>	<u>1,659,904</u>
Total net position - ending	<u>\$ 1,778,406</u>	<u>\$ 15,913</u>	<u>\$ 1,794,319</u>

**CITY OF WILBURTON, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Schedule of Expenditures of Federal and State Awards (Modified Cash Basis) – For year ended June 30, 2023

<u>Federal/State Grantor/Pass-Through Agency Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Award Amount</u>	<u>Total Federal Expenditures</u>
FEDERAL AWARDS:				
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
Federal Aviation Administration:				
Airport Coronavirus Response Grant Program (ACRGP)	20.106	3-40-0107-010-2021	\$ 9,000	\$ 1,458
Airport Rescue Grant	20.106	3-40-0107-011-2022	22,000	14,572
<i>Total U.S. Department of Transportation</i>			<u>31,000</u>	<u>16,030</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>				
Passed Through to Oklahoma Department of Human Services and the Kiamichi Area Nutrition Project:				
Special Program for the Aging - Title III, Part C - Nutrition Svcs	93.045		\$ 55,934	\$ 55,934
Passed Through to Indian Health Services:				
Sanitation Facilities Construction Program (for WWTP improvements)	93.445		166,000	-
<i>Total U.S. Department of Health and Human Services</i>			<u>221,934</u>	<u>55,934</u>
<u>U.S. DEPARTMENT OF TREASURY:</u>				
American Rescue Plan Act	21.027		\$ 446,078	\$ 105,185
<i>Total U.S. Department of Treasury</i>			<u>446,078</u>	<u>105,185</u>
TOTAL FEDERAL AWARDS			<u>\$ 699,012</u>	<u>\$ 177,149</u>

<u>State Grantor/Pass Through Agency Grantor/Program Title</u>	<u>Grant #</u>	<u>Award Amount</u>	<u>Awards Expended</u>
STATE AWARDS:			
<u>OKLAHOMA DEPARTMENT OF AGRICULTURE:</u>			
Rural Fire Operational Grant	N/A	\$ 10,053	\$ 10,053
<u>AUDITOR AND INSPECTOR OF THE STATE OF OKLAHOMA:</u>			
Passed through KEDDO:			
Rural Economic Action Plan Funds	N/A	33,234	28,257
TOTAL STATE AWARDS		<u>\$ 43,287</u>	<u>\$ 38,310</u>

**CITY OF WILBURTON, OKLAHOMA
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INTERNAL CONTROL AND COMPLIANCE INFORMATION

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

To the Honorable Mayor and City Council of the
City of Wilburton, 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 Wilburton, Oklahoma (the "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 November 22, 2023. Our report included an emphasis of matter paragraph related to the City's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City'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 City'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Arledge & Associates PC.

Edmond, Oklahoma
November 22, 2023

