

City of

CHICKASHA 

**ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

**THE CITY OF CHICKASHA,
OKLAHOMA**

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

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

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

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

TABLE OF CONTENTS

	Page
Independent Auditor's Report on Financial Statements.....	5-7
Management's Discussion and Analysis – Other Information	9-16
The Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position (Modified Cash Basis).....	18
Statement of Activities (Modified Cash Basis).....	19
Governmental Funds Financial Statements:	
Balance Sheet (Modified Cash Basis).....	21
Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis).....	22
Reconciliations of Governmental Funds and Government-Wide Financial Statements.....	23
Proprietary Funds Financial Statements:	
Statement of Net Position (Modified Cash Basis).....	25
Statement of Revenues, Expenses and Changes in Net Position (Modified Cash Basis)...	26
Statement of Cash Flows (Modified Cash Basis).....	27
Footnotes to the Basic Financial Statements	28-45
Supplementary and Other Information:	
Budgetary Comparison Information	
Budgetary Comparison Schedule (Modified Cash Basis) – General Fund.....	47
Budgetary Comparison Schedule (Modified Cash Basis) – EMS Fund.....	48
Budgetary Comparison Schedule (Modified Cash Basis) – ED Dedicated Sales Tax Fund ...	48
Footnotes to Budgetary Comparison Schedule.....	49
Combining Non-Major Governmental Fund Statements	
Combining Balance Sheet (Modified Cash Basis).....	50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis)	51

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

TABLE OF CONTENTS

Combining General Fund Account Schedules

Combining Balance Sheet (Modified Cash Basis).....	52
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance (Modified Cash Basis).....	53

Combining CMA Enterprise Fund Account Schedules

Combining Schedule of Net Position (Modified Cash Basis).....	54
Combining Schedule of Revenues, Expenses and Changes in Net Position (Modified Cash Basis).....	55

Internal Control and Compliance Information:

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	57-58
Schedule of Findings	59-61



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements ***Opinions***

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Chickasha, Oklahoma (the "City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits 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 audits. 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.

As discussed in Note 6 to the financial statements, the City changed its basis of accounting from generally accepted accounting principles applicable to state and local governments to the modified cash basis of accounting. The City's opening balances have been restated as a result of this change in its basis of accounting. Our opinions are not modified with respect to this matter.

HSPG & ASSOCIATES, PC

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards 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

Supplemental 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 supplemental combining schedules – modified cash basis, as listed in the table of contents, 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 schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 February 19 2025, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

HSPG & Associates, P.C.

February 19, 2025

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

The management of the City of Chickasha is pleased to provide this annual financial report to its citizens, taxpayers and other report users to demonstrate its accountability and communicate the City's financial condition and activities as of and for the year ended June 30, 2022. Management of the City is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts. The City reports its financial statements and schedules on a modified cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles. All 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 \$5,629,773, and the assets of the City exceed its liabilities at June 30, 2022, by \$119,668,207 (Net Position). Of this amount, \$29,237,459 (Unrestricted Net Position) is available to meet the government's ongoing needs.
- At June 30, 2022, the City's governmental funds reported combined ending fund balances on a modified cash basis of \$21,029,513.
- At the end of fiscal year 2022, unassigned fund balance on a modified cash basis for the General Fund was \$7,169,599 or 40.4% of General Fund revenues.
- The City changed their financial reporting framework from a GAAP basis to a modified cash basis format for fiscal year 2022. The lack of comparative information in this management discussion and analysis is a result of this change.

ABOUT THE CITY

The City of Chickasha is an incorporated municipality with a population of approximately 15,786 located in central Oklahoma. The City is a Council/Manager form of government and operates under a charter that provides for three branches of government:

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

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

The City's Financial Reporting Entity

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

The City's financial reporting entity includes the primary government and the component units as follows:

- **The City of Chickasha** – that operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities.
- **The Chickasha Municipal Authority** – that operates the water, wastewater, and sanitation activities of the City.
- **The Chickasha Municipal Airport Authority** – that operates the municipal airport activities of the City.
- **The Chickasha Industrial Authority** - that promotes and encourages the general economic and social development of the City.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements of the primary government presented herein include all of the activities of the City of Chickasha (the “City”), the Chickasha Municipal Authority (the “Authority”), the Chickasha Municipal Airport Authority (the “CMAA”), and the Chickasha Industrial Authority (the “CIA”). 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 from the modified cash basis of accounting. These statements include all assets of the City as well as all liabilities, resulting from modified cash basis transactions, as well as capital assets and long-term debt. They present governmental and business-type activities separately and combined. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Reporting the City as a Whole

The Statement of Net Position and Statement of Activities

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

In the Statement of Net Position and the Statement of Activities, we divide the City's primary government into two kinds of activities: *Governmental activities* - Most of the City's basic services are reported here, including the police, fire, administration, and streets. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities; and *Business-type activities* – Activities where the City charges a fee to customers to help cover all or most of the cost of certain services it provides are reported here. The City's water, sewer, sanitation, and airport activities 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. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

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

Notes to the Financial Statements

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 26-44 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents Budgetary Comparison Schedules for the General Fund, EMS Fund, ED-Dedicated Sales Tax Fund, and combining and individual fund financial statements and schedules.

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

THE CITY AS A WHOLE

For the year ended June 30, 2022, net position on a modified cash basis for the governmental and business-type activities increased \$5,629,773. Following is a summary of Net Position reported on a modified cash basis for the City of Chickasha primary government.

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

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
	<u>2022</u>	<u>2022</u>	<u>2022</u>
Current assets	\$ 21,041	\$ 24,787	\$ 45,828
Capital assets, net	34,566	42,458	77,024
Total assets	<u>55,607</u>	<u>67,245</u>	<u>122,852</u>
Current liabilities	12	385	397
Non-current liabilities	527	2,260	2,787
Total liabilities	<u>539</u>	<u>2,645</u>	<u>3,184</u>
Net position			
Net investment in capital assets	34,039	40,198	74,237
Restricted	11,297	4,897	16,194
Unrestricted	9,732	19,505	29,237
Total net position	<u>\$ 55,068</u>	<u>\$ 64,600</u>	<u>\$ 119,668</u>

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 is still outstanding. At year end, the net investment in capital assets amounted to \$74,236,502.

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
	<u>2022</u>	<u>2022</u>	<u>2022</u>
Revenues			
Charges for services	\$ 2,236	\$ 8,277	\$ 10,513
Operating grants and contributions	289	280	569
Capital grants and contributions	320	48	368
Sales and use tax	14,916	-	14,916
Other taxes	1,725	-	1,725
Intergovernmental revenue	1,435	-	1,435
Interest	29	49	78
Miscellaneous	999	184	1,183
Total revenues	<u>21,949</u>	<u>8,838</u>	<u>30,787</u>
Expenses			
General government	3,732	-	3,732
Public safety	8,325	-	8,325
Highways and streets	1,444	-	1,444
Culture and recreation	1,746	-	1,746
Cemetery	62	-	62
Community development	208	-	208
Economic development	753	-	753
Interest on long-term debt	5	-	5
Water	-	3,861	3,861
Sewer	-	1,824	1,824
Sanitation	-	2,568	2,568
Lake	-	52	52
Airport	-	577	577
Total expenses	<u>16,275</u>	<u>8,882</u>	<u>25,157</u>
Excess (deficiency) before transfers	5,674	(44)	5,630
Transfers	<u>(2,910)</u>	<u>2,910</u>	<u>-</u>
Change in net position	2,764	2,866	5,630
Beginning net position, restated	<u>52,304</u>	<u>61,734</u>	<u>114,038</u>
Ending net position	<u><u>\$ 55,068</u></u>	<u><u>\$ 64,600</u></u>	<u><u>\$ 119,668</u></u>

Governmental Activities

The City's governmental activities had an increase in net position of \$2,763,978.

Net Revenue/Expense Governmental Activities (Modified Cash Basis) (In Thousands)

	<u>Total Expense of Services</u>	<u>Net Revenue (Expense) of Services</u>
	<u>2022</u>	<u>2022</u>
General government	\$ 3,732	\$ (3,299)
Public safety	8,325	(6,373)
Highways and streets	1,444	(1,288)
Culture and recreation	1,746	(1,582)
Cemetery	62	78
Community development	208	(208)
Economic development	753	(753)
Interest on long-term debt	5	(5)
Total	<u><u>\$ 16,275</u></u>	<u><u>\$ (13,430)</u></u>

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

Business-type Activities

The business-type activities had an increase in net position of \$2,865,795.

Net Revenue/Expense Business-type Activities (Modified Cash Basis)
(In Thousands)

	<u>Total Expense of Services</u>	<u>Net Revenue (Expense) of Services</u>
	<u>2022</u>	<u>2022</u>
Water	\$ 3,861	\$ (532)
Sewer	1,824	(72)
Sanitation	2,568	26
Lake	52	34
Airport	<u>577</u>	<u>266</u>
Total	<u><u>\$ 8,882</u></u>	<u><u>\$ (278)</u></u>

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2022 fiscal year, the governmental funds reported a combined fund balance of \$21,029,513. For the year ended June 30, 2022, the General Fund's total fund balance increased by \$4,852,124 to \$7,528,563 or 42.5% of annual revenues. The EMS Fund, ED-Dedicated Sales Tax Fund, and Capital Project Fund's total fund balances decreased by \$152,786, \$656,143, and \$9,032, respectively. The CIP-Dedicated Sales Tax Fund and ARPA Grant Fund's total fund balances increased by \$1,664,939 and 1,307,690, respectively.

Budgetary Highlights

For the year ended June 30, 2022, the General Fund reported actual budgetary basis revenues above final estimates by \$1,236,182 or an 6.97% positive variance. General Fund actual expenditures were under final appropriations by \$2,654,999 or a 13.68% positive variance.

CAPITAL ASSETS & DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2022, the City had approximately \$77 million invested in capital assets, net of depreciation, including land, buildings, improvements, machinery and equipment, vehicles, water and sewer systems, and roads and bridges. This represents a net decrease of approximately \$2.1 million over last year.

Below are details regarding the City's capital assets for the years ended June 30, 2022 and June 30, 2021.

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

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 1,945	\$ 1,965	\$ 3,647	\$ 3,627	\$ 5,592	\$ 5,592
Construction in progress	146	63	60	60	206	123
Buildings	5,355	5,595	4,668	5,102	10,023	10,697
Improvements	2,337	2,496	683	780	3,020	3,276
Infrastructure	22,085	22,745	7,011	6,737	29,096	29,482
Machinery & equipment	1,563	1,779	2,153	2,329	3,716	4,108
Vehicles	1,134	701	53	95	1,187	796
Utility property improvements	-	-	24,183	25,064	24,183	25,064
Totals	\$ 34,565	\$ 35,344	\$ 42,458	\$ 43,794	\$ 77,023	\$ 79,138

This year's more significant capital asset additions include five 2020 Dodge Durangos for police, five chest compression systems for EMS, a 2022 Ram 1500 for EMS, a utility tractor for Airport, a Pierce Enforcer Pumper for Fire, and completion of the Grand Development Phase I watermain and sanitary sewer main construction project.

Long-Term Debt

At year-end, the City had \$2.8 million in long-term debt outstanding, which represents approximately a \$742,000 decrease from the prior year. This net decrease was due to new loan proceeds of approximately \$475,000 and principal payments of approximately \$1.2 million in the current year.

TABLE 6
Long-Term Debt
(In Thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Notes payable	\$ 527	\$ 179	\$ 2,260	\$ 3,350	\$ 2,787	\$ 3,529
Totals	\$ 527	\$ 179	\$ 2,260	\$ 3,350	\$ 2,787	\$ 3,529

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In July 2023, The City received approval from the OWRB for a loan in the amount of \$67.7 million, for a period of 30 years with a final payment date of September 15, 2053. The loan was approved specifically for the purpose of constructing a water treatment plant, making improvements to the water system including new drum intake screens and water lines, upgrading the holding pond raw water pumps, and all related appurtenances.

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

In August 2023, Chickasha citizens voted to approve a 1.25% retail sales tax to generate the needed funds to pay back a loan from the Oklahoma Water Resource Board to finance a new water treatment facility. The new sales tax took effect on January 1, 2024. The City had a .75% sales tax that expired on December 31, 2023, resulting in a net change of .5% and bringing the City's current sales tax rate to 4.25%.

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's Office at 117 N. 4th Street, Chickasha, Oklahoma 73018 or phone (405) 222-6020.

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

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

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

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

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 19,449,015	\$ 15,227,164	\$ 34,676,179
Investments	2,800,097	8,352,375	11,152,472
Internal balances	(1,207,261)	1,207,261	-
Capital assets:			
Land and construction in progress	2,091,534	3,706,562	5,798,096
Other capital assets, net of depreciation	32,474,184	38,751,137	71,225,321
Total assets	<u>55,607,569</u>	<u>67,244,499</u>	<u>122,852,068</u>
LIABILITIES			
Due to other governments	\$ 1,874	\$ -	\$ 1,874
Due to bondholders	10,464	-	10,464
Deposits subject to refund	-	384,607	384,607
Long-term liabilities:			
Due within one year	116,059	1,115,000	1,231,059
Due in more than one year	410,857	1,145,000	1,555,857
Total liabilities	<u>539,254</u>	<u>2,644,607</u>	<u>3,183,861</u>
NET POSITION			
Net investment in capital assets	34,038,803	40,197,699	74,236,502
Restricted for:			
Debt service	-	387,174	387,174
Capital projects	8,196,974	124,130	8,321,104
Economic development	1,337,022	-	1,337,022
Other purposes	455,759	4,385,497	4,841,256
Specific government services	1,307,690	-	1,307,690
Unrestricted	9,732,067	19,505,392	29,237,459
Total net position	<u>\$ 55,068,315</u>	<u>\$ 64,599,892</u>	<u>\$ 119,668,207</u>

See accompanying notes to the basic financial statements.

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

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

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities:							
General government	\$ 3,731,554	\$ 400,929	\$ 10,583	\$ 20,837	\$ (3,299,205)	\$ -	\$ (3,299,205)
Public safety	8,324,791	1,473,422	178,992	299,520	(6,372,857)	-	(6,372,857)
Highways and streets	1,443,981	156,458	-	-	(1,287,523)	-	(1,287,523)
Culture and recreation	1,746,219	65,424	98,990	-	(1,581,805)	-	(1,581,805)
Cemetery	61,915	139,612	-	-	77,697	-	77,697
Community development	208,232	-	-	-	(208,232)	-	(208,232)
Economic development	752,969	-	-	-	(752,969)	-	(752,969)
Interest on long-term debt	4,861	-	-	-	(4,861)	-	(4,861)
Total governmental activities	<u>16,274,522</u>	<u>2,235,845</u>	<u>288,565</u>	<u>320,357</u>	<u>(13,429,755)</u>	<u>-</u>	<u>(13,429,755)</u>
Business-type activities:							
Water	3,860,636	3,048,967	279,894	-	-	(531,775)	(531,775)
Sewer	1,824,489	1,752,689	-	-	-	(71,800)	(71,800)
Sanitation	2,567,496	2,593,574	-	-	-	26,078	26,078
Lake	52,458	86,938	-	-	-	34,480	34,480
Airport	577,373	794,653	-	48,323	-	265,603	265,603
Total business-type activities	<u>8,882,452</u>	<u>8,276,821</u>	<u>279,894</u>	<u>48,323</u>	<u>-</u>	<u>(277,414)</u>	<u>(277,414)</u>
Total primary government	<u>\$ 25,156,974</u>	<u>\$ 10,512,666</u>	<u>\$ 568,459</u>	<u>\$ 368,680</u>	<u>(13,429,755)</u>	<u>(277,414)</u>	<u>(13,707,169)</u>
General revenues:							
Taxes:							
Sales and use taxes					14,916,316	-	14,916,316
Franchise taxes and public service taxes					1,037,795	-	1,037,795
Hotel/Motel taxes					687,579	-	687,579
Intergovernmental revenue not restricted to specific programs					1,434,881	-	1,434,881
Unrestricted investment earnings					29,135	48,737	77,872
Miscellaneous					998,361	184,138	1,182,499
Transfers					(2,910,334)	2,910,334	-
Total general revenues and transfers					<u>16,193,733</u>	<u>3,143,209</u>	<u>19,336,942</u>
Change in net position					2,763,978	2,865,795	5,629,773
Net position - beginning, restated					<u>52,304,337</u>	<u>61,734,097</u>	<u>114,038,434</u>
Net position - ending					<u>\$ 55,068,315</u>	<u>\$ 64,599,892</u>	<u>\$ 119,668,207</u>

See accompanying notes to the basic financial statements.

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

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

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

Governmental Funds Balance Sheet (Modified Cash Basis) – June 30, 2022

	<u>General Fund</u>	<u>EMS Fund</u>	<u>ED-Dedicated Sales Tax Fund</u>	<u>CIP-Dedicated Sales Tax Fund</u>	<u>Capital Project Fund</u>	<u>ARPA Grant Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS								
Cash and cash equivalents	\$ 7,053,617	\$ 325,074	\$ 1,153,052	\$ 7,426,966	\$ 672,060	\$ 1,307,690	\$ 1,510,556	\$ 19,449,015
Investments	1,101,100	-	700,000	698,983	-	-	300,014	2,800,097
Due from other funds	1,142,646	10,569	-	358,796	191,917	-	201,534	1,905,462
Total assets	<u>\$ 9,297,363</u>	<u>\$ 335,643</u>	<u>\$ 1,853,052</u>	<u>\$ 8,484,745</u>	<u>\$ 863,977</u>	<u>\$ 1,307,690</u>	<u>\$ 2,012,104</u>	<u>\$ 24,154,574</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Due to other funds	\$ 1,756,462	\$ 998,305	\$ 40,010	\$ 96,333	\$ 5,000	\$ -	\$ 216,613	\$ 3,112,723
Due to other governments	1,874	-	-	-	-	-	-	1,874
Due to depositors	8,217	-	-	-	-	-	-	8,217
Due to bondholders	2,247	-	-	-	-	-	-	2,247
Total liabilities	<u>1,768,800</u>	<u>998,305</u>	<u>40,010</u>	<u>96,333</u>	<u>5,000</u>	<u>-</u>	<u>216,613</u>	<u>3,125,061</u>
Fund balances:								
Restricted	-	-	889,089	8,108,966	-	1,307,690	991,680	11,297,445
Assigned	358,964	-	923,953	279,426	858,977	-	803,811	3,225,131
Unassigned (deficit)	7,169,599	(662,662)	-	-	-	-	-	6,506,937
Total fund balances	<u>7,528,563</u>	<u>(662,662)</u>	<u>1,813,042</u>	<u>8,388,412</u>	<u>858,977</u>	<u>1,307,690</u>	<u>1,795,491</u>	<u>21,029,513</u>
Total liabilities and fund balances	<u>\$ 9,297,363</u>	<u>\$ 335,643</u>	<u>\$ 1,853,052</u>	<u>\$ 8,484,745</u>	<u>\$ 863,977</u>	<u>\$ 1,307,690</u>	<u>\$ 2,012,104</u>	<u>\$ 24,154,574</u>

See accompanying notes to the basic financial statements.

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

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

	<u>General Fund</u>	<u>EMS Fund</u>	<u>ED-Dedicated Sales Tax Fund</u>	<u>CIP-Dedicated Sales Tax Fund</u>	<u>Capital Project Fund</u>	<u>ARPA Grant Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES								
Taxes	\$ 15,667,771	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 777,299	\$ 16,445,070
Intergovernmental	345,254	-	-	-	95,584	1,541,922	177,295	2,160,055
Charges for services	202,006	834,555	-	-	-	-	34,080	1,070,641
Fines and forfeitures	140,580	-	-	-	-	-	-	140,580
Licenses and permits	381,152	-	-	-	-	-	-	381,152
Investment income	10,683	317	3,860	9,116	1,748	-	3,411	29,135
Miscellaneous	986,263	563,795	-	-	49,947	-	132,195	1,732,200
Total revenues	<u>17,733,709</u>	<u>1,398,667</u>	<u>3,860</u>	<u>9,116</u>	<u>147,279</u>	<u>1,541,922</u>	<u>1,124,280</u>	<u>21,958,833</u>
EXPENDITURES								
Current:								
General government	3,441,393	-	-	-	-	-	-	3,441,393
Public Safety	5,884,337	1,281,821	-	-	-	-	88,746	7,254,904
Highway and streets	744,337	-	-	-	-	-	-	744,337
Culture and recreation	1,355,201	-	-	-	-	9,844	1,500	1,366,545
Cemetery	55,100	-	-	-	-	-	-	55,100
Community development	176,955	-	-	-	-	-	-	176,955
Economic development	-	-	163,260	-	-	-	551,681	714,941
Capital Outlay	518,627	115,872	496,743	154,224	499,748	224,388	253,517	2,263,119
Debt Service:								
Principal	-	-	-	-	126,217	-	-	126,217
Interest and other charges	-	-	-	-	4,861	-	-	4,861
Total expenditures	<u>12,175,950</u>	<u>1,397,693</u>	<u>660,003</u>	<u>154,224</u>	<u>630,826</u>	<u>234,232</u>	<u>895,444</u>	<u>16,148,372</u>
Excess (deficiency) of revenues over expenditures	<u>5,557,759</u>	<u>974</u>	<u>(656,143)</u>	<u>(145,108)</u>	<u>(483,547)</u>	<u>1,307,690</u>	<u>228,836</u>	<u>5,810,461</u>
OTHER FINANCING SOURCES (USES)								
Proceeds from long-term debt	-	-	-	-	474,515	-	-	474,515
Transfers in	5,760,738	-	-	2,971,662	-	-	-	8,732,400
Transfers out	(6,466,373)	(153,760)	-	(1,161,615)	-	-	(197,406)	(7,979,154)
Total other financing sources and (uses)	<u>(705,635)</u>	<u>(153,760)</u>	<u>-</u>	<u>1,810,047</u>	<u>474,515</u>	<u>-</u>	<u>(197,406)</u>	<u>1,227,761</u>
Net change in fund balances	4,852,124	(152,786)	(656,143)	1,664,939	(9,032)	1,307,690	31,430	7,038,222
Fund balances - beginning, restated	2,676,439	(509,876)	2,469,185	6,723,473	868,009	-	1,764,061	13,991,291
Fund balances - ending	<u>\$ 7,528,563</u>	<u>\$ (662,662)</u>	<u>\$ 1,813,042</u>	<u>\$ 8,388,412</u>	<u>\$ 858,977</u>	<u>\$ 1,307,690</u>	<u>\$ 1,795,491</u>	<u>\$ 21,029,513</u>

See accompanying notes to the basic financial statements.

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

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance – Net Position Reconciliation:

Total fund balance, governmental funds	\$ 21,029,513
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	34,565,718
Certain long-term liabilities are not due and payable from current resources, and therefore are not reported in the funds:	
Notes payable	(526,916)
Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 55,068,315</u></u>

Changes in Fund Balance – Changes in Net Position Reconciliation:

Net change in fund balances - total governmental funds:	\$ 7,038,222
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.	
Capital asset purchases capitalized	1,029,665
Depreciation expense	(1,807,563)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:	
Proceeds of long-term debt	(474,515)
Principal payments on long-term debt	126,217
Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue (expense) of certain internal service funds is reported within governmental activities.	(3,148,048)
Change in Net Position of Governmental Activities	<u><u>\$ 2,763,978</u></u>

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

BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS

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

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

	Chickasha Municipal Authority	Chickasha Municipal Airport Authority	Total Proprietary Funds	Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 12,321,078	\$ 2,110,175	\$ 14,431,253	\$ -
Investments	6,752,342	1,500,028	8,252,370	-
Restricted:				
Restricted cash and cash equivalents	795,911	-	795,911	-
Restricted investments	100,005	-	100,005	-
Due from other funds	1,722,117	48,323	1,770,440	-
Total current assets	<u>21,691,453</u>	<u>3,658,526</u>	<u>25,349,979</u>	<u>-</u>
Non-current assets:				
Capital assets:				
Land and construction in progress	3,632,026	74,536	3,706,562	-
Other capital assets, net of accumulated depreciation	34,946,527	3,804,610	38,751,137	-
Total non-current assets	<u>38,578,553</u>	<u>3,879,146</u>	<u>42,457,699</u>	<u>-</u>
Total assets	<u>60,270,006</u>	<u>7,537,672</u>	<u>67,807,678</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Due to other funds	452,136	111,043	563,179	-
Deposits subject to refund	38,461	-	38,461	-
Note payable	1,115,000	-	1,115,000	-
Total current liabilities	<u>1,605,597</u>	<u>111,043</u>	<u>1,716,640</u>	<u>-</u>
Non-current liabilities:				
Deposits subject to refund	346,146	-	346,146	-
Note payable	1,145,000	-	1,145,000	-
Total non-current liabilities	<u>1,491,146</u>	<u>-</u>	<u>1,491,146</u>	<u>-</u>
Total liabilities	<u>3,096,743</u>	<u>111,043</u>	<u>3,207,786</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	36,318,553	3,879,146	40,197,699	-
Restricted for debt service	387,174	-	387,174	-
Restricted for capital projects	124,130	-	124,130	-
Restricted for other purposes	838,014	3,547,483	4,385,497	-
Unrestricted	19,505,392	-	19,505,392	-
Total net position	<u>\$ 57,173,263</u>	<u>\$ 7,426,629</u>	<u>\$ 64,599,892</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

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

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

	Chickasha Municipal Authority	Chickasha Municipal Airport Authority	Total Proprietary Funds	Internal Service Fund
OPERATING REVENUES				
Water revenue	\$ 2,861,703	\$ -	\$ 2,861,703	\$ -
Sewer revenue	1,742,496	-	1,742,496	-
Sanitation revenue	2,555,079	-	2,555,079	-
Penalties and fees	169,532	-	169,532	-
User resource fees	23,411	-	23,411	-
Lake revenue	86,938	-	86,938	-
Airport revenue	-	794,653	794,653	-
Miscellaneous	43,009	-	43,009	-
Total Operating Revenues	<u>7,482,168</u>	<u>794,653</u>	<u>8,276,821</u>	<u>-</u>
OPERATING EXPENSES				
Administration	417,098	-	417,098	-
Water	2,572,088	-	2,572,088	-
Sewer	846,851	-	846,851	-
Sanitation	2,231,665	-	2,231,665	-
Lake	33,145	-	33,145	-
Building maintenance	491,601	-	491,601	-
Airport	-	332,922	332,922	-
Depreciation	1,642,715	244,451	1,887,166	-
Insurance, compensated absences, personnel expense	-	-	-	-
Total Operating Expenses	<u>8,235,163</u>	<u>577,373</u>	<u>8,812,536</u>	<u>-</u>
Operating income (loss)	<u>(752,995)</u>	<u>217,280</u>	<u>(535,715)</u>	<u>-</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	40,979	7,758	48,737	-
Interest expense	(69,916)	-	(69,916)	-
Grant revenue	279,894	48,323	328,217	-
Miscellaneous revenue	184,138	-	184,138	-
Total non-operating revenue	<u>435,095</u>	<u>56,081</u>	<u>491,176</u>	<u>-</u>
Income (loss) before transfers	<u>(317,900)</u>	<u>273,361</u>	<u>(44,539)</u>	<u>-</u>
Transfers in	5,152,541	19,317	5,171,858	-
Transfers out	(2,226,225)	(35,299)	(2,261,524)	(3,148,048)
Change in net position	<u>2,608,416</u>	<u>257,379</u>	<u>2,865,795</u>	<u>(3,148,048)</u>
Total net position - beginning restated	<u>54,564,847</u>	<u>7,169,250</u>	<u>61,734,097</u>	<u>3,148,048</u>
Total net position - ending	<u>\$ 57,173,263</u>	<u>\$ 7,426,629</u>	<u>\$ 64,599,892</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

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

Proprietary Funds Statement of Cash Flows (Modified Cash Basis) – Year Ended June 30, 2022

	Chickasha Municipal Authority	Chickasha Municipal Airport Authority	Total Proprietary Funds	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 7,946,200	\$ 842,976	\$ 8,789,176	\$ -
Payments to suppliers	(5,830,057)	(231,005)	(6,061,062)	(12,452)
Payments to employees	(762,391)	(101,917)	(864,308)	-
Interfund receipts	(22,391)	(68,401)	(90,792)	786
Receipts of customer meter deposits	91,237	-	91,237	-
Refunds of customer meter deposits	(69,976)	-	(69,976)	-
Net cash provided by operating activities	1,352,622	441,653	1,794,275	(11,666)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	5,152,541	19,317	5,171,858	-
Transfers to other funds	(2,226,225)	(35,299)	(2,261,524)	(3,148,048)
Net cash provided by (used in) noncapital financing activities	2,926,316	(15,982)	2,910,334	(3,148,048)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(496,215)	(54,784)	(550,999)	-
Principal paid on debt	(1,090,000)	-	(1,090,000)	-
Interest and fiscal agent fees paid on debt	(69,916)	-	(69,916)	-
Net cash provided by (used in) capital and related financing activities	(1,656,131)	(54,784)	(1,710,915)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale (Purchase) of investments	474	(28)	446	800,000
Interest income	40,979	7,758	48,737	-
Net cash provided by investing activities	41,453	7,730	49,183	800,000
Net increase (decrease) in cash and cash equivalents	2,664,260	378,617	3,042,877	(2,359,714)
Balances - beginning of year	10,452,729	1,731,558	12,184,287	2,359,714
Balances - end of year	\$ 13,116,989	\$ 2,110,175	\$ 15,227,164	\$ -
Reconciliation to Statement of Net Position:				
Cash and cash equivalents	\$ 12,321,078	\$ 2,110,175	\$ 14,431,253	\$ -
Restricted cash and cash equivalents - current	795,911	-	795,911	-
Total cash and cash equivalents, end of year	\$ 13,116,989	\$ 2,110,175	\$ 15,227,164	\$ -
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (752,995)	\$ 217,280	\$ (535,715)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	1,642,715	244,451	1,887,166	-
Grant revenue	279,894	48,323	328,217	-
Miscellaneous revenue	184,138	-	184,138	-
Change in assets and liabilities:				
Due from other funds	(264,855)	(48,323)	(313,178)	786
Due to other funds	242,464	(20,078)	222,386	-
Due to other governments	-	-	-	(12,452)
Deposits subject to refund	21,261	-	21,261	-
Net cash provided by operating activities	\$ 1,352,622	\$ 441,653	\$ 1,794,275	\$ (11,666)

See accompanying notes to the basic financial statements.

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

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

1. Financial Reporting Entity

The City's financial reporting entity includes the primary government (the City), and its blended component units:

- **The City of Chickasha** – that operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities
- **The City of Chickasha Municipal Authority** – that operates the water, wastewater, and sanitation activities of the City
- **The Chickasha Municipal Airport Authority** – that operates the airport activities of the City
- **The Chickasha Industrial Authority** – that promotes and encourages the general economic and social development within the City

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

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

2. Basis of Presentation and Accounting

Government-Wide Financial Statements:

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

- Capital assets
- Long-term debt
- Cash-based interfund receivables and payables
- Other cash-based receivables/payables
- Utility deposit liabilities

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

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

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

- General government: License and permits, rents, royalties and grants
- Public safety: Police fines, county donations and grants
- Highways and streets: Gas excise taxes, commercial vehicle taxes and grants
- Culture and recreation: Sports complex revenue, rentals and grants
- Cemetery: Cemetery lot fees and interment fees
- Community development: Donations

Governmental Funds:

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

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

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

Proprietary Funds:

Enterprise Funds – are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net position changes similar to the private sector. The reporting entity includes the Chickasha Municipal Authority (CMA) and the Chickasha Municipal Airport Authority (CMAA), both reported as blended component unit enterprise funds. These CMA accounts for activities of the public trust in providing, water, wastewater, and sanitation, services to the public. The CMAA accounts for activities of the municipal airport.

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

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds. For financial statement reporting purposes the General Fund contains the following combining accounts: Fire/EMS Training Account, Police Training Account, Police Bond Account, and Insurance Account.
- EMS Fund – accounts for emergency services activities
- ED-Dedicated Sales Tax Fund – accounts for residual amounts of 7/32 cent sales tax restricted by voters for economic development purposes

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

- CIP-Dedicated Sales Tax Fund – accounts for ¾ cent sales tax restricted by voters for renovation, upgrading and expansion of the water, wastewater, street and drainage systems
- Capital Project Fund - accounts for capital activities not accounted for in other special purpose funds
- ARPA Fund – accounts for American Rescue Plan Act grants

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

Special Revenue Funds:

- Donations Fund – accounts for donations for specific purposes or projects
- Tax Increment District – accounts for ad valorem and sales taxes restricted by voters for the reimbursement of developer costs
- Chickasha Industrial Authority – accounts for transfers in of hotel/motel tax revenues and related economic development expenses
- E-911 Fund – accounts for E-911 tax and related expenditures to maintain an emergency 911 system
- Street and Alley Fund – accounts for revenues from state gasoline and vehicle taxes restricted for street projects

Capital Project Fund:

- Cemetery Care Fund – accounts for 12.5 percent of cemetery revenue restricted for cemetery capital improvements as required by state law plus an additional 12.5 percent assigned by the city for cemetery capital improvements

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

Proprietary Funds:

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

Enterprise Funds:

- Chickasha Municipal Authority – that operates the water, sewer, and sanitation services of the City
- Chickasha Municipal Airport Authority – that operates the municipal airport

The proprietary funds are also reported on a modified cash basis, as defined above.

For purposes of the statement of revenues, expenses and changes in fund net position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

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

3. Cash, Cash Equivalents, and Investments

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

For the year ended June 30, 2022, the City recognized \$77,872 of investment income.

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

Type	Maturities	Credit Rating	Carrying Value
Primary Government			
Deposits:			
Demand deposits			\$ 34,145,959
Time deposit - certificate of deposit	8/11/2022		2,702,318
Time deposit - certificate of deposit	9/29/2022		900,000
Time deposit - certificate of deposit	12/29/2022		7,300,154
Time deposit - certificate of deposit	2/25/2023		250,000
Trustee accounts - BOK - Short-Term Cash Fund I		N/A	511,304
OMAG escrow			18,916
			<u>\$ 45,828,651</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents			34,676,179
Investments			11,152,472
			<u>\$ 45,828,651</u>

Custodial Credit Risk

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

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

Investment Interest Rate Risk

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

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

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

Investment Credit Risk

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

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

Concentration of Investment Credit Risk

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

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

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

<u>Type of Restricted Assets</u>	<u>Current</u>	
	<u>Cash and cash equivalents</u>	<u>Investments</u>
Utility Deposits	\$ 284,607	\$ 100,005
2014 Note Principal Account	370,070	-
2014 Note Interest Account	17,104	-
2014 Note Construction Account	124,130	-
Total Proprietary Fund	<u>\$ 795,911</u>	<u>\$ 100,005</u>

4. Capital Assets and Depreciation

Capital Assets:

Capital assets consist of land, construction in progress, buildings, improvements, infrastructure, utility property and improvements, machinery and equipment, and vehicles. Capital assets are reported at actual or estimated historical cost. Donated capital assets are recorded at estimated acquisition market value at the date of donation. Estimated historical cost was used to value the majority of the assets, including infrastructure assets (such as roads, bridges, and traffic systems) acquired prior to July 1, 2002.

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

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

	Balance at July 01, 2021	Additions	Disposals	Balance at June 30, 2022
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,964,595	\$ -	\$ 19,317	\$ 1,945,278
Construction in progress	62,609	121,507	37,860	146,256
Total capital assets not being depreciated	2,027,204	121,507	57,177	2,091,534
Other capital assets:				
Buildings	10,063,750	-	-	10,063,750
Improvements	4,711,653	-	-	4,711,653
Infrastructure	55,746,263	37,860	-	55,784,123
Machinery and equipment	6,129,263	178,831	77,883	6,230,211
Vehicles	6,509,467	748,643	307,366	6,950,744
Total other capital assets at historical cost	83,160,396	965,334	385,249	83,740,481
Less accumulated depreciation for:				
Buildings	4,469,150	239,440	-	4,708,590
Improvements	2,215,281	159,004	-	2,374,285
Infrastructure	33,001,505	697,968	-	33,699,473
Machinery and equipment	4,349,750	395,579	77,883	4,667,446
Vehicles	5,808,297	315,572	307,366	5,816,503
Total accumulated depreciation	49,843,983	1,807,563	385,249	51,266,297
Other capital assets, net	33,316,413	(842,229)	-	32,474,184
Governmental activities capital assets, net	\$ 35,343,617	\$ (720,722)	\$ 57,177	\$ 34,565,718
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 3,627,186	\$ 19,317	\$ -	\$ 3,646,503
Construction in progress	60,059	496,215	496,215	60,059
Total capital assets not being depreciated	3,687,245	515,532	496,215	3,706,562
Other capital assets:				
Buildings	24,720,604	-	-	24,720,604
Improvements	2,151,347	-	-	2,151,347
Infrastructure	13,822,300	496,214	-	14,318,514
Machinery and equipment	4,601,929	35,467	-	4,637,396
Vehicles	1,099,846	-	-	1,099,846
Utility property improvements	78,251,764	-	-	78,251,764
Total other capital assets at historical cost	124,647,790	531,681	-	125,179,471
Less accumulated depreciation for:				
Buildings	19,618,917	434,092	-	20,053,009
Improvements	1,371,814	96,998	-	1,468,812
Infrastructure	7,085,629	221,511	-	7,307,140
Machinery and equipment	2,272,953	211,279	-	2,484,232
Vehicles	1,004,545	41,857	-	1,046,402
Utility property improvements	53,187,311	881,428	-	54,068,739
Total accumulated depreciation	84,541,169	1,887,165	-	86,428,334
Other capital assets, net	40,106,621	(1,355,484)	-	38,751,137
Business-type activities capital assets, net	\$ 43,793,866	\$ (839,952)	\$ 496,215	\$ 42,457,699

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

Depreciation:

Depreciable capital assets are depreciated on a straight-line basis over useful lives. A capitalization threshold of \$3,500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

- Buildings 50 years
- Improvements other than buildings 20-30 years
- Machinery and equipment 5-24 years
- Vehicles 5-15 years
- Utility property and improvements 15-50 years
- Infrastructure 15-50 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	\$ 81,864
Public safety	762,319
Highways and streets	569,730
Culture and recreation	362,373
Community development	31,277
	<u>\$ 1,807,563</u>

Business-Type Activities:

Water	\$ 878,944
Sewer	727,316
Sanitation	17,141
Lake	19,313
Airport	244,451
	<u>\$ 1,887,165</u>

5. Long-Term Debt and Debt Service Requirements

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

<u>Type of Debt</u>	<u>Balance July 01, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2022</u>	<u>Due Within One Year</u>
Governmental Activities:					
Notes payable- direct borrowings	\$ 178,618	\$ 474,515	\$ 126,217	\$ 526,916	\$ 116,059
Total Governmental Activities	<u>\$ 178,618</u>	<u>\$ 474,515</u>	<u>\$ 126,217</u>	<u>\$ 526,916</u>	<u>\$ 116,059</u>
Business-Type Activities:					
Notes payable- direct borrowings	\$ 3,350,000	\$ -	\$ 1,090,000	\$ 2,260,000	\$ 1,115,000
Total Business-Type Activities	<u>\$ 3,350,000</u>	<u>\$ -</u>	<u>\$ 1,090,000</u>	<u>\$ 2,260,000</u>	<u>\$ 1,115,000</u>

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

Governmental activities long-term debt (direct borrowings):

Note Payable to Welch State Bank for a pumper, original amount of \$401,779, payable in semi annual installments of \$23,577, interest rate at 3.39%, final payment due May 15, 2023.	\$ 22,514
Note Payable to First National Bank for a rescue squad truck, original amount of \$380,316, payable in monthly installments of \$5,029, interest rate at 3%, final payment due December 15, 2022.	29,887
Note Payable to First National Bank for a Pierce Enforcer pumper truck, original amount of \$474,515, payable in annual installments of \$73,576, interest rate at 2.09%, final payment due October 19, 2028.	474,515
Total Capital Lease Obligations	<u>\$ 526,916</u>
Current portion	\$ 116,059
Noncurrent portion	410,857
Total Capital Lease Obligations	<u>\$ 526,916</u>

Business-type activities long-term debt (direct borrowings):

2014 Sales Tax Revenue Note to Bank of Oklahoma, dated March 10, 2014, original amount \$9,875,000 with interest rate of 2.27% due in semi-annual installments, secured with a 3/4 cent pledged sales tax, with final payment due March 1, 2024. Proceeds will be used for water and sewer improvements. In the event of default on the note, the lender may: 1) file suit to require any or all of the borrower covenants to be performed; 2) requirement for sales and use tax to be deposited directly with the bank; 3) accelerate the payment of principal and interest accrued on the note; or 4) file suit to enforce or enjoin action or inaction of parties under provisions of the Note Indenture or Sales Tax Agreement.	\$ 2,260,000
Total Notes Payable - Direct borrowings	<u>\$ 2,260,000</u>
Current portion	\$ 1,115,000
Noncurrent portion	1,145,000
Total Notes Payable - Direct Borrowings	<u>\$ 2,260,000</u>

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

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Notes payable -</u>	
	<u>Direct borrowings</u>	
	<u>Principal</u>	<u>Interest</u>
2023	116,059	10,807
2024	64,989	8,587
2025	66,327	7,248
2026	67,733	5,842
2027	69,149	4,427
2028-2029	142,659	4,492
Totals	<u>\$ 526,916</u>	<u>\$ 41,403</u>

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

<u>Year Ending June 30,</u>	<u>Business-Type Activities</u>	
	<u>Note Payable- Direct borrowings</u>	
	<u>Principal</u>	<u>Interest</u>
2023	1,115,000	45,003
2024	1,145,000	19,522
Totals	<u>\$ 2,260,000</u>	<u>\$ 64,525</u>

Future Revenues

Sales Tax Pledge

The City has pledged three quarters (3/4) of one cent of the sales tax in the General Fund to repay \$9,875,000 of the 2014 Sales Tax Revenue Note issued by the Chickasha Municipal Authority. The proceeds of this note provided financing for water and sewer improvements. The note is payable from future sales tax revenue and is payable through 2024. The total principal and interest payable for the remainder of the life of this note is \$2,324,525. The City received \$2,971,662 in pledged sales and use taxes this fiscal year. Debt service payments of \$1,159,916 for the current fiscal year were 39% of the pledged sales and use taxes.

6. Fund Balances and Net Position

Fund Balances:

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

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

It is the City’s policy to first use restricted fund balance prior to the use of the unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City’s policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The City has established a policy to maintain an unassigned fund balance in the General Fund ranging from 15% - 40% of General Fund expenditures.

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

Net Position:

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

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.

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

	General Fund	EMS Fund	ED-Dedicated Sales Tax Fund	CIP-Dedicated Sales Tax Fund	Capital Project Fund	ARPA Grant Fund	Other Governmental Funds	Total
Fund Balance:								
Restricted For:								
Economic Development	\$ -	\$ -	\$ 889,089	\$ -	\$ -	\$ -	\$ 447,933	\$ 1,337,022
Streets	-	-	-	-	-	-	121,323	121,323
Capital Projects	-	-	-	8,108,986	-	1,307,690	87,988	9,504,664
Other Purposes	-	-	-	-	-	-	334,436	334,436
Sub-total Restricted	-	-	889,089	8,108,986	-	1,307,690	991,680	11,297,445
Assigned To:								
Fire/EMS	1,735	-	-	-	-	-	-	1,735
Police	56,230	-	-	-	-	-	-	56,230
Police Bonds	294,959	-	-	-	-	-	-	294,959
Streets	-	-	-	-	-	-	464	464
Parks and Recreation	6,040	-	-	-	-	-	-	6,040
Economic Development	-	-	923,953	-	-	-	129,024	1,052,977
Capital Projects	-	-	-	279,426	858,977	-	646,659	1,785,062
Other Purposes	-	-	-	-	-	-	27,664	27,664
Sub-total Assigned	358,964	-	923,953	279,426	858,977	-	803,811	3,225,131
Unassigned (deficit)	7,169,599	(662,662)	-	-	-	-	-	6,506,937
Total Fund Balance	\$ 7,528,563	\$ (662,662)	\$ 1,813,042	\$ 8,388,412	\$ 858,977	\$ 1,307,690	\$ 1,795,491	\$ 21,029,513

Prior Period Adjustment - Effective July 1, 2021, the City adopted the modified cash basis of accounting. Previously, the City applied generally accepted accounting principles. As a result of this transition, the City has restated its beginning balances to conform with the new basis of accounting. The following tables show a summary of the restatements:

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

	Major Governmental Funds					Non-Major Funds	Total	Total
	General Fund	EMS Fund	ED-Dedicated Sales Tax Fund	CIP-Dedicated Sales Tax Fund	Capital Project Fund		Governmental Activities	Wide Governmental Activities
Beginning Balance per previous audit	\$ 3,906,812	\$ (374,474)	\$ 2,471,110	\$ 6,710,659	\$ 868,925	\$ 1,666,402	\$ 15,249,434	\$ 45,058,118
Prior period adjustments:								
Conversion to Cash Basis of Accounting								
Interest receivable	(517)	-	(2,978)	(1,201)	(916)	(458)	(6,070)	(6,070)
Due from other governments	-	-	-	-	-	(11,013)	(11,013)	(11,013)
Court fines receivable	(154)	-	-	-	-	-	(154)	(154)
Accounts receivable	(1,800)	(178,532)	-	-	-	(3,000)	(183,332)	(183,332)
Taxes receivable, net	(1,825,911)	-	-	-	-	(79,089)	(1,905,000)	(1,905,000)
Other receivables	-	-	-	-	-	(16,804)	(16,804)	(16,804)
Inventory	(141,956)	-	-	-	-	-	(141,956)	(141,956)
Accounts payable	218,002	4,493	1,053	2,414	-	73,665	299,627	299,627
Payroll payable	502,801	38,637	-	-	-	-	541,438	541,438
Sales tax payable	(25,647)	-	-	11,601	-	-	(14,046)	(14,046)
Other payables	44,809	-	-	-	-	134,358	179,167	179,167
Deferred Revenue	-	-	-	-	-	-	-	(385,542)
Accrued compensated absence	-	-	-	-	-	-	-	760,141
Pension assets/liabilities	-	-	-	-	-	-	-	7,158,065
OPEB	-	-	-	-	-	-	-	807,277
Payroll payable	-	-	-	-	-	-	-	603
Internal Service Fund	-	-	-	-	-	-	-	122,085
Internal service fund-interest receivable	-	-	-	-	-	-	-	(1,109)
Internal service fund-accounts receivable	-	-	-	-	-	-	-	(49,566)
Internal service fund-accounts payable	-	-	-	-	-	-	-	92,408
Total prior period adjustments:	(1,230,373)	(135,402)	(1,925)	12,814	(916)	97,659	(1,258,143)	7,246,219
Restated Beginning Fund Balance	\$ 2,676,439	\$ (509,876)	\$ 2,469,185	\$ 6,723,473	\$ 868,009	\$ 1,764,061	\$ 13,991,291	\$ 52,304,337

Beginning Balance per previous audit

Prior period adjustments:

Conversion to Cash Basis of Accounting

Interest receivable

Interest receivable

Accounts receivable

Inventory

Pension

Accounts payable

Other payables

Interest payable

Payroll payable

Accrued Comp

OPEB

Internal service fund gain/loss

Total prior period adjustments:

Restated Beginning Fund Balance

Enterprise Funds		Total	Total
CMA	Chickasha Municipal Airport Authority	Proprietary Funds	Government-Wide Business-Type Activities
\$ 55,578,139	\$ 7,211,924	\$ 62,790,063	\$ 62,912,148
(10,643)	(2,378)	(13,021)	(13,021)
(688)	-	(688)	(688)
(1,162,589)	(20,073)	(1,182,662)	(1,182,662)
(116,599)	(30,455)	(147,054)	(147,054)
(170,791)	(21,488)	(192,279)	(192,279)
279,217	8,419	287,636	287,636
(27,813)	-	(27,813)	(27,813)
25,004	-	25,004	25,004
27,152	4,384	31,536	31,536
19,088	4,326	23,414	23,414
125,370	14,591	139,961	139,961
-	-	-	(122,085)
(1,013,292)	(42,674)	(1,055,966)	(1,178,051)
\$ 54,564,847	\$ 7,169,250	\$ 61,734,097	\$ 61,734,097

Internal Service Funds
\$ 3,106,315
(1,109)
42,842
41,733
\$ 3,148,048

Beginning Balance per previous audit

Prior period adjustments:

Conversion to Cash Basis of Accounting

Interest receivable

Accounts payable

Total prior period adjustments:

Restated Beginning Fund Balance

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

7. Sales Tax Revenue

Sales tax revenue represents a 3.75 cents tax on each dollar of taxable sales. The sales tax is recorded as follows:

- 3 cents are recorded in the General Fund for operations, with 1 cent being transferred to the Chickasha Municipal Authority
- $\frac{3}{4}$ cent is recorded in the CIP-Dedicated Sales Tax Fund and is restricted by voters for the repair, replacement or improvement of streets, drainage and water and wastewater system improvements. This amount has been allocated to the CMA to secure debt service payments on the \$9,875,000 2014 Sales Tax Revenue Note

8. 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.

9. 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.

Transfers:

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

Transfer From	Transfer To	Amount	Purpose of Transfer
CMA	General Fund	\$ 1,960,000	Operational subsidy
General Fund	CIP Dedicated Sales Tax Fund	2,971,662	Sales and Use Tax
Internal Service Fund	General Fund-Insurance Account	3,148,048	General Fund
CIA	General Fund	100,000	Festival of Lights
CIA	General Fund	93,780	Operational subsidy
General Fund	CMA	3,494,711	Sales tax
Capital Projects Fund	CMA	496,215	Capital asset purchases
CIP Dedicated Sales Tax Fund	CMA	1,161,615	Sales Tax
EMS Fund	General Fund-Insurance Account	153,760	Insurance expense
CIA	General Fund-Insurance Account	3,625	Insurance expense
CMA	General Fund-Insurance Account	266,225	Insurance expense
Airport Fund	General Fund-Insurance Account	35,300	Insurance expense
CMA	Airport Fund	19,317	Capital asset purchases
Total		<u>\$ 13,904,258</u>	

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	Net Internal Transfers	Net Transfers
Governmental Funds	\$ 8,732,400	\$ (7,979,154)	\$ (3,148,048)	\$ (2,394,802)
Proprietary Funds	5,171,858	(2,261,524)		2,910,334
	<u>\$ 13,904,258</u>	<u>\$ (10,240,678)</u>	<u>\$ (3,148,048)</u>	<u>\$ 515,532</u>

Reconciliation to Statement of Activities:

Governmental funds transfers	\$ (2,394,802)
Transfer capital asset from governmental activities to business-type activities	(515,532)
Total government-wide level	<u>\$ (2,910,334)</u>

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

Balances:

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

Due From	Due To	Amount	Nature of Balance
General Fund	CAA	\$ 48,323	Grant Revenue
General Fund	Water Resources	48	Correction of errors
General Fund	Capital Project Fund	95,584	Grant Revenue
General Fund	EMS Fund	10,569	payroll expenses
CIA	General Fund	216,611	Festival of Light expenses
Economic Development	CIA	40,000	EDC Project Payment
E-911	General Fund	2	Correction of errors
ED-Ded Sales Tax Fund	General Fund	10	Fee to maintain account
General Fund	CIP-Ded Sales Tax Fund	358,796	Sales tax
General Fund	E-911	12	Deposit errors
General Fund	CMA	650,840	Sales tax
General Fund	CMA	74,274	CDARS Interest
EMS Fund	CMA	996,955	EMS revenues
General Fund	CIA	72,733	Hotel Motel Tax
Fire/EMS Training	General Fund	10	Fee to maintain account
Airport Fund	General Fund	103,718	Donations
General Fund	TIF Fund	55,626	Sales tax
CMA	TIF Fund	27,813	Sales tax
Capital Improvement	General Fund	5,000	Grant revenue
General Fund	Cemetery Care	77	Deposit errors
Dedicated Sales Tax	Capital Project Fund	96,333	Operating expense
Police Bond	Fire/EMS Training	32	Deposit errors
Police Bond	Police Training Fund	1,126	Deposit errors
Police Bond	Combined Insurance	786	Insurance-Prop, Liab, WC
CMA	Street & Alley fund	121	Returned check
Combined Insurance Fund	Compensated Absence Fund	8,058	Deposit errors
CMA	Police Bond	53	Deposit errors
CMA	General Fund	365,444	Deposit errors
CMA	CIA	5,152	Insurance-Prop, Liab, WC
General Fund	Insurance Fund	212,947	Insurance-Prop, Liab, WC
EMS Fund	Insurance Fund	30,982	Insurance-Prop, Liab, WC
CIA	Insurance Fund	490	Insurance-Prop, Liab, WC
CMA	Insurance Fund	65,895	Insurance-Prop, Liab, WC
Airport Fund	Insurance Fund	8,692	Insurance-Prop, Liab, WC
General Fund	Compensated Absence Fund	90,617	Insurance-Prop, Liab, WC
EMS Fund	Compensated Absence Fund	20,583	Insurance-Prop, Liab, WC
CIA	Compensated Absence Fund	417	Insurance-Prop, Liab, WC
CMA	Compensated Absence Fund	777	Insurance-Prop, Liab, WC
Airport Fund	Compensated Absence Fund	133	Insurance-Prop, Liab, WC
Combined Insurance Fund	Compensated Absence Fund	10,263	Insurance-Prop, Liab, WC
Total		<u>\$ 3,675,902</u>	

Reconciliation to Fund Financial Statements:

	Due From	Due To	Net Internal Service Balances	Net Internal Balances
Governmental Funds	\$ 1,905,462	\$ (3,112,723)	\$ -	\$ (1,207,261)
Proprietary Funds	1,770,440	(563,179)	-	1,207,261
	<u>\$ 3,675,902</u>	<u>\$ (3,675,902)</u>	<u>\$ -</u>	<u>\$ -</u>

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 Fleet Coverage – covered through participation in Oklahoma Municipal Assurance Group risk entity pool.

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

- Physical Property, Airport General Liability and Property – covered through purchase of commercial insurance.
- Fire Department Vehicles – covered through participation in the Risk Management Division of the Department of Central Services, State of Oklahoma self-insurance pool.
- Workers' Compensation – covered through participation in the Oklahoma Municipal Assurance Group risk entity pool.
- Employee's Group Medical – covered through purchase of commercial insurance.

11. Pension Plan Participation

The City of Chickasha participates in five pension or retirement plans:

1. Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
2. Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
3. Oklahoma Municipal Retirement Fund (OkMRF) – an agent multiple-employer defined benefit plan
4. Oklahoma Municipal Retirement Fund (OkMRF) – an agent multiple-employer defined contribution plan
5. ICMA-RC – an IRS Code Section 457 governmental deferred compensation plan

OFPRS:

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

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

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

The OFPRS contributions for the last three fiscal years are as follows:

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Amount Contributed</u>
2020	\$ 344,930	\$ 344,930
2021	\$ 328,567	\$ 328,567
2022	\$ 347,099	\$ 347,099

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

OPPRS:

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

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

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

The OPPRS contributions for the last three fiscal years are as follows:

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Amount Contributed</u>
2020	\$ 202,010	\$ 202,010
2021	\$ 178,514	\$ 178,514
2022	\$ 170,152	\$ 170,152

OkMRF Defined Benefit Plan:

The City contributes to the City of Chickasha Plan and Trust in the form of The Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust, an agent multiple employer - defined benefit plan, for all eligible employees except for those covered by the Police and Firefighter Pension Systems. Employees are vested after 10 years. The City's OkMRF defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

Funding Policy – The contribution requirements of the City and employees are established and may be amended by the OkMRF board. Employees are required to contribute 4% of their annual covered salary. The City of Chickasha is required to contribute at an actuarially determined rate; the rate during fiscal year 2021-2022 was 10.71% of covered payroll.

Annual Pension Cost – For 2021-2022, the City of Chickasha's annual pension cost of \$246,200 for the OkMRF plan was equal to the required and actual contributions. The required contribution was determined as part of the June 30, 2022 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return, (b) projected salary increases due to inflation of 4%, compounded annually (higher for younger employees), and (c) projected salary increases due to age/seniority, compounded annually. Funding requirements may increase in the future as benefits accrue.

OkMRF issues separate plan financial statements which may be obtained from the website at www.okmrf.org/reports or by contacting the Oklahoma Municipal Retirement Fund, 525 Central Park Drive, Suite 320, Oklahoma City, Oklahoma, 73105.

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

Contributions for the last three fiscal years were as follows:

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>
2020	\$ 84,195	\$ 158,286
2021	\$ 86,304	\$ 204,108
2022	\$ 91,951	\$ 246,200

OkMRF Defined Contribution City Manager Plan:

Effective May 1, 2022, the City has also provided a defined contribution plan and trust known as the City of Chickasha Plan and Trust (the “Plan”) in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OkMRF) for the City Manager. The City Manager is eligible to contribute to the Plan upon hire and is required to contribute 8% of annual covered salary. Additional voluntary after-tax contributions are also allowed. Employer contributions vary by year and are determined by the City. The City Manager is 100% vested immediately. Employer contributions to the Plan for FY 2021-2022 were \$13,448.

12. Commitments and Contingencies

Compensated Absences:

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

- Governmental activities \$713,767
- Business-type activities \$23,369

Litigation:

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

Federal and State Award Programs:

The City of Chickasha participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements.

13. Subsequent Events

In July 2023, The City received approval from the OWRB for a loan in the amount of \$67.7 million, for a period of 30 years with a final payment date of September 15, 2053. The loan was approved specifically for the purpose of constructing a water treatment plant, making improvements to the water system including new drum intake screens and water lines, upgrading the holding pond raw water pumps, and all related appurtenances. In August 2023, Chickasha citizens voted to approve a 1.25% retail sales tax to generate the needed funds to pay back the debt. The new sales tax took effect on January 1, 2024. The City had a .75% sales tax that expired on December 31, 2023, resulting in a net change of .5% and bringing the City's current sales tax rate to 4.25%.

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

SUPPLEMENTARY AND OTHER INFORMATION

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

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

	General Fund			<u>Variance with</u>
	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Final Budget -</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Positive (Negative)</u>
Beginning Budgetary Fund Balance	\$ 1,453,595	\$ 1,678,930	\$ 2,342,348	\$ 663,418
Resources (Inflows):				
Taxes	14,588,000	14,588,000	15,667,771	1,079,771
Intergovernmental	27,217	238,614	345,254	106,640
Charges for services	230,950	230,950	202,006	(28,944)
Licenses and Permits	284,600	284,600	381,152	96,552
Investment Income	8,500	8,500	6,115	(2,385)
Miscellaneous	148,322	229,963	114,826	(115,137)
Other Financing Sources - Transfers In	2,140,000	2,150,000	2,249,685	99,685
Total Resources	<u>17,427,589</u>	<u>17,730,627</u>	<u>18,966,809</u>	<u>1,236,182</u>
Amount available for appropriation	<u>18,881,184</u>	<u>19,409,557</u>	<u>21,309,157</u>	<u>1,899,600</u>
Charges to Appropriations (Outflows):				
Departmental:				
General government	2,009,023	2,443,926	1,639,860	804,066
Public Safety	7,957,119	7,134,141	6,218,141	916,000
Highways and streets	604,367	761,611	744,337	17,274
Culture and recreation	1,348,949	1,648,653	1,432,577	216,076
Cemetery	138,969	138,969	76,315	62,654
Community development	176,757	207,257	176,955	30,302
Other Financing Uses - Transfers Out	6,646,000	7,075,000	6,466,373	608,627
Total Charges to Appropriations	<u>18,881,184</u>	<u>19,409,557</u>	<u>16,754,558</u>	<u>2,654,999</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	4,554,599	<u>\$ 4,554,599</u>
Reconciliation to Statement of Revenues, Expenditures, and Change in Fund Balance:				
Interaccount Transfers Out			(990,755)	
Fire/EMS Training Account Balance			1,735	
Police Training Account Balance			56,230	
Police Bond Account Balance			294,959	
Insurance Account Balance			3,611,795	
Total General Fund - Fund Balance			<u>\$ 7,528,563</u>	

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

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

City of Chickasha Budget and Actual (with Variances) EMS Fund (23)				
EMS Fund				
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ -	\$ -	\$ (509,876)	\$ (509,876)
Resources (Inflows)				
Intergovernmental	175,000	242,429	-	(242,429)
Charges for services	1,377,000	1,377,000	834,555	(542,445)
Investment Income	50	50	317	267
Miscellaneous	500	500	563,795	563,295
Total Resources	<u>1,552,550</u>	<u>1,619,979</u>	<u>1,398,667</u>	<u>(221,312)</u>
Amounts Available for Appropriation	<u>1,552,550</u>	<u>1,619,979</u>	<u>888,791</u>	<u>(731,188)</u>
Charges to Appropriations (Outflows)				
Public Safety	1,552,550	1,619,979	1,551,453	68,526
Total Charges to Appropriations	<u>1,552,550</u>	<u>1,619,979</u>	<u>1,551,453</u>	<u>68,526</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (662,662)</u>	<u>\$ (662,662)</u>

Budgetary Comparison Schedule (Modified Cash Basis) – ED Dedicated Sales Tax Fund – Year Ended June 30, 2022

City of Chickasha Budget and Actual (with Variances) ED - Dedicated Sales Tax Fund				
ED-Dedicated Sales Tax Fund				
	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ 1,576,515	\$ 1,576,515	\$ 2,469,185	\$ 892,670
Resources (Inflows)				
Investment Income	20,000	20,000	3,860	(16,140)
Total Resources	<u>20,000</u>	<u>20,000</u>	<u>3,860</u>	<u>(16,140)</u>
Amounts Available for Appropriation	<u>1,596,515</u>	<u>1,596,515</u>	<u>2,473,045</u>	<u>876,530</u>
Charges to Appropriations (Outflows)				
Economic Development	1,596,515	1,596,515	660,003	936,512
Total Charges to Appropriations	<u>1,596,515</u>	<u>1,596,515</u>	<u>660,003</u>	<u>936,512</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,813,042</u>	<u>\$ 1,813,042</u>

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

Footnotes to Budgetary Comparison Schedules:

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

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

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

	Special Revenue					Capital Project	
	Donations	Tax Increment District	Chickasha Industrial Authority	E911 Fund	Street and Alley	Cemetery Care	Total Other Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 214,177	\$ 36,299	\$ 555,945	\$ 147,913	\$ 121,666	\$ 434,556	\$ 1,510,556
Investments	-	-	-	-	-	300,014	300,014
Due from other funds	-	83,439	117,885	12	121	77	201,534
Total assets	<u>\$ 214,177</u>	<u>\$ 119,738</u>	<u>\$ 673,830</u>	<u>\$ 147,925</u>	<u>\$ 121,787</u>	<u>\$ 734,647</u>	<u>\$ 2,012,104</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Due to other funds	\$ -	\$ -	\$ 216,611	\$ 2	\$ -	\$ -	\$ 216,613
Total liabilities	<u>-</u>	<u>-</u>	<u>216,611</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>216,613</u>
Fund balances:							
Restricted	197,168	119,664	328,269	137,268	121,323	87,988	991,680
Assigned	17,009	74	128,950	10,655	464	646,659	803,811
Total fund balances	<u>214,177</u>	<u>119,738</u>	<u>457,219</u>	<u>147,923</u>	<u>121,787</u>	<u>734,647</u>	<u>1,795,491</u>
Total liabilities and fund balances	<u>\$ 214,177</u>	<u>\$ 119,738</u>	<u>\$ 673,830</u>	<u>\$ 147,925</u>	<u>\$ 121,787</u>	<u>\$ 734,647</u>	<u>\$ 2,012,104</u>

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

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

	Donations	Tax Increment District	Chickasha Industrial Authority	E-911	Street and Alley	Cemetery Care	Total Other Governmental Funds
REVENUES							
Taxes	\$ -	\$ 2,110	\$ 618,821	\$ 156,368	\$ -	\$ -	\$ 777,299
Intergovernmental	-	-	-	20,837	156,458	-	177,295
Charges for services	-	-	-	-	-	34,080	34,080
Investment earnings	342	74	1,102	130	464	1,299	3,411
Miscellaneous	132,195	-	-	-	-	-	132,195
Total revenues	132,537	2,184	619,923	177,335	156,922	35,379	1,124,280
EXPENDITURES							
Public safety	52,470	-	-	36,276	-	-	88,746
Culture and recreation	1,500	-	-	-	-	-	1,500
Economic development	-	-	551,681	-	-	-	551,681
Capital Outlay	3,500	-	37,500	185,017	27,500	-	253,517
Total Expenditures	57,470	-	589,181	221,293	27,500	-	895,444
Excess (deficiency) of revenues over expenditures	75,067	2,184	30,742	(43,958)	129,422	35,379	228,836
OTHER FINANCING SOURCES (USES)							
Transfers out	-	-	(197,406)	-	-	-	(197,406)
Total other financing sources and uses	-	-	(197,406)	-	-	-	(197,406)
Net change in fund balances	75,067	2,184	(166,664)	(43,958)	129,422	35,379	31,430
Fund balances - beginning, restated	139,110	117,554	623,883	191,881	(7,635)	699,268	1,764,061
Fund balances - ending	\$ 214,177	\$ 119,738	\$ 457,219	\$ 147,923	\$ 121,787	\$ 734,647	\$ 1,795,491

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

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

	General Fund Account	Fire/EMS Training Account	Police Training Account	Police Bond Account	Insurance Account	Total General Fund Accounts
ASSETS						
Cash and cash equivalents	\$ 4,043,016	\$ 1,713	\$ 55,104	\$ 300,971	\$ 2,652,813	\$ 7,053,617
Investments	301,063	-	-	-	800,037	1,101,100
Due from other funds	690,795	32	1,126	53	450,640	1,142,646
Total assets	<u>\$ 5,034,874</u>	<u>\$ 1,745</u>	<u>\$ 56,230</u>	<u>\$ 301,024</u>	<u>\$ 3,903,490</u>	<u>\$ 9,297,363</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Due to other funds	\$ 1,462,813	\$ 10	\$ -	\$ 1,944	\$ 291,695	\$ 1,756,462
Due to other governments	-	-	-	1,874	-	1,874
Due to depositors	8,217	-	-	-	-	8,217
Due to bondholders	-	-	-	2,247	-	2,247
Total liabilities	<u>1,471,030</u>	<u>10</u>	<u>-</u>	<u>6,065</u>	<u>291,695</u>	<u>1,768,800</u>
Fund balances:						
Assigned	6,040	1,735	56,230	294,959	-	358,964
Unassigned	3,557,804	-	-	-	3,611,795	7,169,599
Total fund balances	<u>3,563,844</u>	<u>1,735</u>	<u>56,230</u>	<u>294,959</u>	<u>3,611,795</u>	<u>7,528,563</u>
Total liabilities and fund balances	<u>\$ 5,034,874</u>	<u>\$ 1,745</u>	<u>\$ 56,230</u>	<u>\$ 301,024</u>	<u>\$ 3,903,490</u>	<u>\$ 9,297,363</u>

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

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

	General Fund Account	Fire/EMS Training Account	Police Training Account	Police Bond Account	Insurance Account	Total General Fund Accounts
REVENUES						
Taxes	\$ 15,667,771	\$ -	\$ -	\$ -	\$ -	\$ 15,667,771
Intergovernmental	345,254	-	-	-	-	345,254
Charges for services	202,006	-	-	-	-	202,006
Fines and forfeitures	-	-	-	140,580	-	140,580
Licenses and permits	381,152	-	-	-	-	381,152
Investment earnings	6,115	1	13	167	4,387	10,683
Miscellaneous	114,826	-	-	-	871,437	986,263
Total revenues	<u>16,717,124</u>	<u>1</u>	<u>13</u>	<u>140,747</u>	<u>875,824</u>	<u>17,733,709</u>
EXPENDITURES						
Current:						
General government	1,579,651	-	-	-	1,861,742	3,441,393
Public Safety	5,858,314	-	3,367	22,656	-	5,884,337
Highways and streets	744,337	-	-	-	-	744,337
Culture and recreation	1,355,201	-	-	-	-	1,355,201
Cemetery	55,100	-	-	-	-	55,100
Community development	176,955	-	-	-	-	176,955
Capital Outlay	518,627	-	-	-	-	518,627
Total Expenditures	<u>10,288,185</u>	<u>-</u>	<u>3,367</u>	<u>22,656</u>	<u>1,861,742</u>	<u>12,175,950</u>
Excess (deficiency) of revenues over expenditures	<u>6,428,939</u>	<u>1</u>	<u>(3,354)</u>	<u>118,091</u>	<u>(985,918)</u>	<u>5,557,759</u>
OTHER FINANCING SOURCES (USES)						
Interaccount transfers in	95,905	69	4,628	-	990,755	1,091,357
Interaccount transfers out	(990,755)	-	-	(100,602)	-	(1,091,357)
Transfers in	2,153,780	-	-	-	3,606,958	5,760,738
Transfers out	(6,466,373)	-	-	-	-	(6,466,373)
Total other financing sources and uses	<u>(5,207,443)</u>	<u>69</u>	<u>4,628</u>	<u>(100,602)</u>	<u>4,597,713</u>	<u>(705,635)</u>
Net change in fund balances	1,221,496	70	1,274	17,489	3,611,795	4,852,124
Fund balances - beginning, restated	2,342,348	1,665	54,956	277,470	-	2,676,439
Fund balances - ending	<u>\$ 3,563,844</u>	<u>\$ 1,735</u>	<u>\$ 56,230</u>	<u>\$ 294,959</u>	<u>\$ 3,611,795</u>	<u>\$ 7,528,563</u>

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

Combining Schedule of Net Position (Modified Cash Basis) – Chickasha Municipal Authority
Enterprise Fund Accounts - June 30, 2022

	Chickasha Municipal Authority Account	Water Meter Deposit Account	Water Resource Account	Total CMA Accounts
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 11,763,585	\$ 30,043	\$ 527,450	\$ 12,321,078
Investments	6,452,328	-	300,014	6,752,342
Restricted cash and cash equivalents	511,304	284,607	-	795,911
Restricted investments	-	100,005	-	100,005
Interaccount receivables	23,397	87	3,764	27,248
Due from other funds	1,722,069	-	48	1,722,117
Total current assets	<u>20,472,683</u>	<u>414,742</u>	<u>831,276</u>	<u>21,718,701</u>
Non-current assets:				
Restricted:				
Capital Assets:				
Land and construction in progress	3,632,026	-	-	3,632,026
Other capital assets, net of accumulated depreciation	34,946,527	-	-	34,946,527
Total non-current assets	<u>38,578,553</u>	<u>-</u>	<u>-</u>	<u>38,578,553</u>
Total assets	<u>59,051,236</u>	<u>414,742</u>	<u>831,276</u>	<u>60,297,254</u>
LIABILITIES				
Current liabilities:				
Interaccount payables	3,851	23,397	-	27,248
Due to other funds	452,136	-	-	452,136
Deposits subject to refund	-	38,461	-	38,461
Note payable	1,115,000	-	-	1,115,000
Total current liabilities	<u>1,570,987</u>	<u>61,858</u>	<u>-</u>	<u>1,632,845</u>
Non-current liabilities:				
Deposits subject to refund	-	346,146	-	346,146
Note payable	1,145,000	-	-	1,145,000
Total non-current liabilities	<u>1,145,000</u>	<u>346,146</u>	<u>-</u>	<u>1,491,146</u>
Total liabilities	<u>2,715,987</u>	<u>408,004</u>	<u>-</u>	<u>3,123,991</u>
NET POSITION				
Net investment in capital assets	36,318,553	-	-	36,318,553
Restricted for debt service	387,174	-	-	387,174
Restricted for capital projects	124,130	-	-	124,130
Restricted for other purposes	-	6,738	831,276	838,014
Restricted for specific purposes	-	-	-	-
Unrestricted	19,505,392	-	-	19,505,392
Total net position	<u>\$ 56,335,249</u>	<u>\$ 6,738</u>	<u>\$ 831,276</u>	<u>\$ 57,173,263</u>

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

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

	Chickasha Municipal Authority Account	Water Meter Deposit Account	Water Resource Account	Total CMA Accounts
Operating Revenues:				
Water revenue	\$ 2,788,319	\$ -	\$ 73,384	\$ 2,861,703
Sewer revenue	1,742,496	-	-	1,742,496
Sanitation revenue	2,555,079	-	-	2,555,079
Penalties and fees	169,532	-	-	169,532
User resource fees	23,411	-	-	23,411
Lake revenue	86,938	-	-	86,938
Miscellaneous	43,009	-	-	43,009
Total operating revenues	<u>7,408,784</u>	<u>-</u>	<u>73,384</u>	<u>7,482,168</u>
OPERATING EXPENSES				
Administration	417,098	-	-	417,098
Water	2,572,088	-	-	2,572,088
Sewer	846,851	-	-	846,851
Sanitation	2,231,665	-	-	2,231,665
Lake	33,145	-	-	33,145
Building maintenance	491,601	-	-	491,601
Depreciation	1,642,715	-	-	1,642,715
Total Operating Expenses	<u>8,235,163</u>	<u>-</u>	<u>-</u>	<u>8,235,163</u>
Operating income (loss)	<u>(826,379)</u>	<u>-</u>	<u>73,384</u>	<u>(752,995)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	39,164	468	1,347	40,979
Interest expense	(69,916)	-	-	(69,916)
Grants	279,894	-	-	279,894
Miscellaneous revenue	184,138	-	-	184,138
Total non-operating revenue	<u>433,280</u>	<u>468</u>	<u>1,347</u>	<u>435,095</u>
Income (loss) before transfers	<u>(393,099)</u>	<u>468</u>	<u>74,731</u>	<u>(317,900)</u>
Transfers in	5,152,541	-	-	5,152,541
Transfers out	(2,226,225)	-	-	(2,226,225)
Change in net position	2,533,217	468	74,731	2,608,416
Total net position - beginning restated	53,802,032	6,270	756,545	54,564,847
Total net position - ending	<u>\$ 56,335,249</u>	<u>\$ 6,738</u>	<u>\$ 831,276</u>	<u>\$ 57,173,263</u>

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

INTERNAL CONTROL AND COMPLIANCE INFORMATION



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

To the Honorable Mayor and Members of the City Council
City of Chickasha, 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 Chickasha, Oklahoma (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 19, 2025. Our report included an emphasis-of-a-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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2022-001 through 2022-002 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2022-003 through 2022-005 to be significant deficiencies.

HSPG & ASSOCIATES, PC

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2022-005.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

HSPG & Associates, P.C.

February 19, 2025

CITY OF CHICKASHA, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2022

Finding 2022-001 Internal Controls

Criteria: Management of the City is responsible for establishing and maintaining effective internal controls over financial reporting. These controls should allow management or employees to prevent or detect misstatements and prepare financial reports on a timely basis.

Condition: The City does not have sufficient controls for accurate and timely financial reporting. The City was not able to produce materially accurate financial statements until approximately 30 months after year-end.

Cause: The City experienced resource constraints during the year and did not have adequate procedures and controls in place to ensure the financial statements are prepared in a timely manner.

Effect: Audited financial statements were not available in a timely manner for users of the information.

Recommendation: We recommend that the City incorporate controls sufficient to ensure accurate and timely financial reporting.

Views of Responsive Officials of Auditee: Management will work toward incorporating controls sufficient to ensure accurate and timely financial reporting.

Finding 2022-002; Accounts Payable

Criteria: Controls should be sufficiently designed and implemented to ensure that payments to vendors are timely and correctly paid and recorded, and that controls are sufficient to ensure payments are authorized in accordance with City policy.

Condition: During our testwork we noted instances of over payments, duplicate payments, payments made to the wrong vendor, and late payments to vendors. We also noted checks issued after year-end being incorrectly posted to the year under audit. Additionally, we noted an instance of a cashier's check being drafted and paid outside of customary City policy.

Cause: The City experienced resource constraints and did not have proper procedures and controls in place to ensure the timely and accurate payments to the City's vendors and suppliers, or to ensure compliance with City purchasing policies.

Effect: Without adequate controls, the City is at risk of making erroneous or unauthorized payments.

Recommendation: We recommend that controls be reviewed to ensure payments are authorized, accurate and timely.

Views of Responsive Officials of Auditee: Management will monitor accounts payable to ensure timely and accurate payments.

Finding 2022-003; Utility Billing

Criteria: Processes should be sufficient to ensure that the City's utility billings, particularly water, and by extension, wastewater, are accurate.

Condition: Based on our testwork and discussion with City staff, it does not appear that procedures are in place to track or compare water purchases from the City's water supplier (in gallons) to water sales (in gallons) to the City's customers.

Cause: The City's billing system converts meter readings by a factor generally of 100. However, some confusion exists with respect to this conversion and whether all accounts are properly being converted based on the setup and installation of the individual water meters.

Effect: The City cannot reasonably verify or corroborate that the correct volume of water being billed to its customers.

Recommendation: We recommend that the City develop an understanding of its conversion rates and perform monthly reviews of its water sales to its water purchases.

Views of Responsive Officials of Auditee: Management agrees and will work diligently to provide accurate reporting.

Finding 2022-004; EMS Billings

Criteria: Controls were not sufficient to ensure EMS billings were adequately monitored and collected.

Condition: The City contracts its EMS billings to a third-party provider. These third-party providers were changed during the year and as result billings submitted for collections by the previous provider were not sufficiently monitored to ensure collection.

Cause: Controls were not sufficient within the City to ensure responsibilities were adequately defined and monitored regarding the transfer of uncollected EMS billings between service providers.

Effect: Payment for services rendered by the City's EMS could be uncollected.

Recommendation: We recommend the City develop controls to ensure payments for the City's EMS is monitored, particularly with regard to a change in third-party providers.

Views of Responsive Officials of Auditee: Management will monitor EMS payments.

Finding 2022-005; Deficit Fund Balance

Criteria: Oklahoma state statutes prohibit deficit fund balances.

Condition: As of June 30, 2022, the City's EMS fund reports a deficit fund balance of approximately \$663,000.

Cause: The City began the year with a deficit of \$510,000, which was then increased \$153,000 during the year.

Effect: The City is not in compliance with state statutes.

Recommendation: Management should continue to monitor its resources and related budgeting to ensure it complies with state law prohibiting deficit fund balances.

Views of Responsive Officials of Auditee: Management will monitor the City's resources and related budgeting to ensure it is compliant with state law prohibiting deficit fund balances.