

**CITY OF BLACKWELL, OKLAHOMA  
BLACKWELL, OKLAHOMA**

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

**FOR THE YEAR ENDED  
JUNE 30, 2021**

**The City of Blackwell, Oklahoma**  
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**Year Ended June 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

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

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

***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregated discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Blackwell, Oklahoma ("City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We did not audit the financial statements of the Blackwell Hospital Trust Authority, a discretely presented component unit of the City, which represents 85.6%, 0.0% and 92.0%, respectively, of the assets, net position, and revenues of the aggregated discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Blackwell Hospital Trust Authority, are based solely on the report of the other auditors. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on

the financial statements. In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

***Required Supplementary Information***

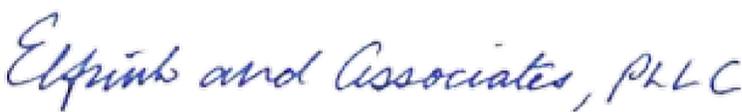
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and post-employment benefit plan information on pages 3-10 and 72-77 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Supplementary Information***

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Elfrink and Associates, PLLC  
Tulsa, Oklahoma  
August 18, 2022

Within this section, the City of Blackwell's ("City") management provides narrative discussion and analysis of the financial performance of the City's for the fiscal year ended June 30, 2021. The City's performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. This discussion focuses on the City's primary government, and unless otherwise noted, component units reported separately from the primary government are not included. Please read it in conjunction with the City's financial statements, which follow this section.

## FINANCIAL SUMMARY

- At June 30, 2021, the assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$91,172,753 (net position). This compared to the previous year when assets exceeded liabilities by \$80,279,783 prior to prior period adjustment of \$239,168 related to recognition of federal grant funding.
- The City's total net position is comprised of the following:
  - (1) Net investment in capital assets of \$22,857,595 includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase of construction of capital assets.
  - (2) Restricted net position of \$63,685,625 accounts for assets restricted for debt service and capital construction in accordance with debt offerings.
  - (3) Unrestricted net position of \$4,629,533 represent the portion available to maintain the City's continuing obligations to citizens and creditors
- The City's governmental funds on the Statement of Revenues, Expenditures and Changes in Fund Balances in Governmental Funds reported total ending fund balance of \$66,886,399. This compared to prior year ending fund balance of \$57,451,791.

## OVERVIEW OF THE FINANCIAL STATEMENTS

*Management's Discussion and Analysis* introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

### **Government-wide Financial Statements**

The City's annual reporting includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status and are presented to demonstrate the extent the City has met its operating objective efficiently and effectively using all the resources available and whether the City can continue to meet its objectives in the foreseeable future. Financial reporting at this level uses a perspective like that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Position*. This is the City-wide statement of financial position presenting information that includes all the City's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indication of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other financial factors such as diversification of the taxpayer base or the condition of the City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net position changed during the current fiscal year and can be used to assess the City's operating results in its entirety and analyze how the City's programs are financed. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinctively report governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, and business-type

activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government; public safety and judiciary; transportation; and cultural, parks, and recreation. Business-types activities include utility services, including water and sanitation, provided by the City as well as the operation of the rock yard.

The City's financial reporting entity includes the funds of the City (primary government) and organization for which the City is accountable (component units). More comprehensive information about the City's component units can be found in footnotes.

### ***Fund Financial Statements***

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole.

The City has two kinds of funds:

*Governmental funds* are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is different with fund statements reporting short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statement is included in the basic financial statement for governmental funds deemed as major. This statement demonstrates compliance with the City's adopted and final revised budget.

*Proprietary funds* are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City has one type of proprietary fund, enterprise funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization such as water and sanitation utilities and sales of rock and airplane fuel.

Proprietary fund statements and statements for discretely presented component units (reporting similarly to proprietary funds) provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail.

### ***Notes to the financial statements***

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. Those notes to the financial statement begin immediately following the basic financial statements.

### ***Other information***

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information detailing the combining statements of non-major governmental funds.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

**Net position**

The City's combined net position at June 30, 2021 was \$91,172,753. The City reported positive balances in total net position for both governmental and business-type activities, reporting \$75 million and \$17 million, respectively.

	Summary of Net Position							
	Governmental Activities		Business-Type Activities		Total		Change	
	2021	2020	2021	2020	2021	2020	\$	%
<b>Assets</b>	\$ 67,369	\$ 57,734	\$ 6,696	\$ 6,943	\$ 74,065	\$ 64,677	\$ 9,388	15%
Capital assets, net	11,407	11,475	24,545	24,770	35,952	36,245	(293)	-1%
<b>Total assets</b>	<b>78,776</b>	<b>69,209</b>	<b>31,241</b>	<b>31,713</b>	<b>110,017</b>	<b>100,922</b>	<b>9,095</b>	<b>9%</b>
Deferred outflow	1,388	1,222	311	227	1,699	1,449	250	17%
<b>Liabilities</b>	5,077	4,463	14,677	16,447	19,754	20,910	(1,156)	-6%
<b>Total liabilities</b>	<b>5,077</b>	<b>4,463</b>	<b>14,677</b>	<b>16,447</b>	<b>19,754</b>	<b>20,910</b>	<b>(1,156)</b>	<b>-6%</b>
Deferred inflow	546	875	244	306	790	1,181	(391)	-33%
<b>Net position</b>								
Net investment in capital assets	11,287	11,475	11,571	10,754	22,858	22,229	629	3%
Restricted	63,006	54,725	680	341	63,686	55,066	8,620	16%
Unrestricted	248	(1,107)	4,380	4,092	4,628	2,985	1,643	55%
<b>Total net position</b>	<b>\$ 74,541</b>	<b>\$ 65,093</b>	<b>\$ 16,631</b>	<b>\$ 15,187</b>	<b>\$ 91,172</b>	<b>\$ 80,280</b>	<b>\$ 10,892</b>	<b>14%</b>

The City's net position increased 14% over prior year. Assets increased \$9.388 million or 15% notably in Governmental Activities. Over \$8 million of the increase is related to earnings on the restricted investments of the Blackwell Public Trust.

Liabilities noted a 6% or \$1.156 million decrease over prior year due to regularly scheduled payments made on outstanding debt. Debt payments are offset by \$884 thousand increase in pension plan obligations.

The City reported over \$36 million in capital assets with \$13 million remaining on debt used to finance their acquisition and construction.

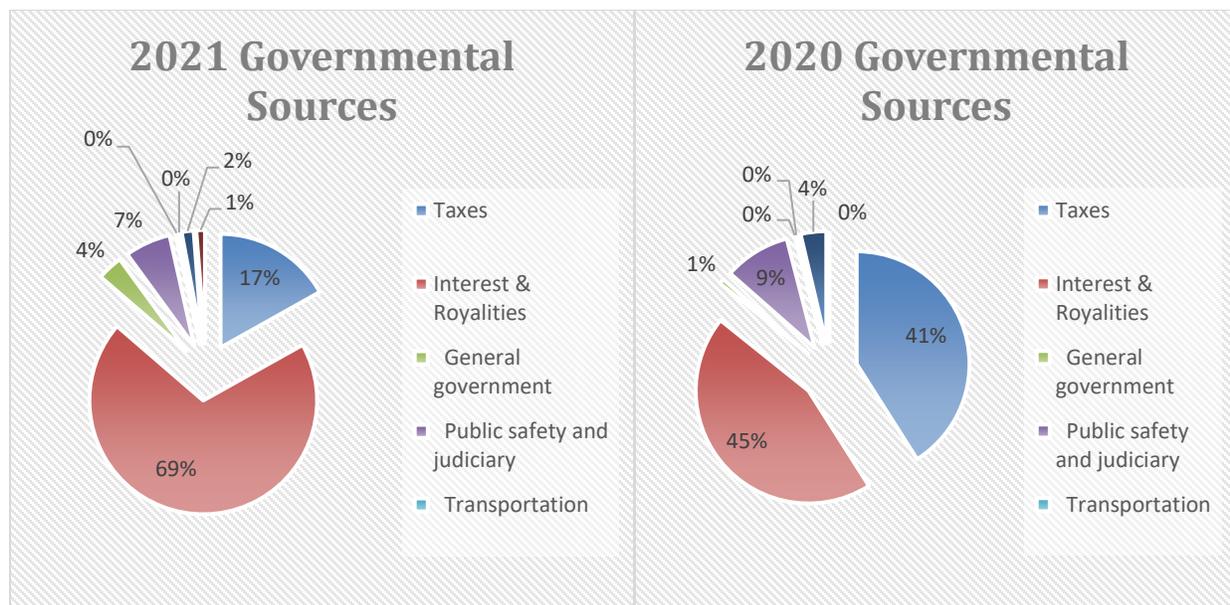
Summary of Changes in Net Position (in thousands)								
	Governmental		Business-type		Total		Change	
	2021	2020	2021	2020	2021	2020	\$	%
<b>Revenues</b>								
Program revenues	\$ 2,046	\$ 1,303	\$ 11,924	\$ 11,185	\$ 13,970	\$ 12,488	\$ 1,482	12%
Taxes and other general revenues	14,774	7,835	1,412	76	16,186	7,911	8,275	105%
<b>Total revenues</b>	<b>16,820</b>	<b>9,138</b>	<b>13,336</b>	<b>11,261</b>	<b>30,156</b>	<b>20,399</b>	<b>9,757</b>	<b>48%</b>
<b>Expenses</b>								
General government	1,319	1,723	-	-	1,319	1,723	(404)	-23%
Public safety and judiciary	4,047	4,223	-	-	4,047	4,223	(176)	-4%
Transportation	848	758	-	-	848	758	90	12%
Cultural, parks, and recreation	704	722	-	-	704	722	(18)	-2%
Economic development	158	118	-	-	158	118	40	34%
Hospital	1,863	1,312	-	-	1,863	1,312	551	42%
Electric	-	-	6,054	5,612	6,054	5,612	442	8%
Water	-	-	1,774	1,899	1,774	1,899	(125)	-7%
Sewer	-	-	1,196	1,399	1,196	1,399	(203)	-15%
Sanitation	-	-	490	557	490	557	(67)	-12%
Administration	-	-	770	-	770	0	770	100%
Golf course	-	-	305	275	305	275	30	11%
<b>Total expenses</b>	<b>8,939</b>	<b>8,856</b>	<b>10,589</b>	<b>9,742</b>	<b>19,528</b>	<b>18,598</b>	<b>930</b>	<b>5%</b>
Excess (deficiency) before transfers	\$ 7,881	\$ 282	\$ 2,747	\$ 1,519	\$ 10,628	\$ 1,801	\$ 8,827	490%
Transfers	1,568	14	(1,542)	(14)	26	-	26	0%
Special items	-	4,775	-	-	-	4,775	(4,775)	100%
<b>Increase (decrease) in net position</b>	<b>\$ 9,449</b>	<b>\$ 5,071</b>	<b>\$ 1,205</b>	<b>\$ 1,505</b>	<b>\$ 10,654</b>	<b>\$ 6,576</b>	<b>\$ 4,078</b>	<b>62%</b>

The City reported an increase in revenues of \$9.757 million or 48% when compared to prior year. Taxes and general revenues in both Governmental and Business-type funds noted the largest increase. As noted above under Net Position, the Blackwell Public Trust investments increased significantly over prior year the corresponding investment income is recorded under general revenues. This investment income increase was over \$7.763 million when compared to prior year. Additionally, sales and use taxes reflected modest increase over prior year contributing to the increase in revenues. Recorded in program revenues, a deposit of \$506 thousand from the federal governmental related to the Corona Virus federal pandemic.

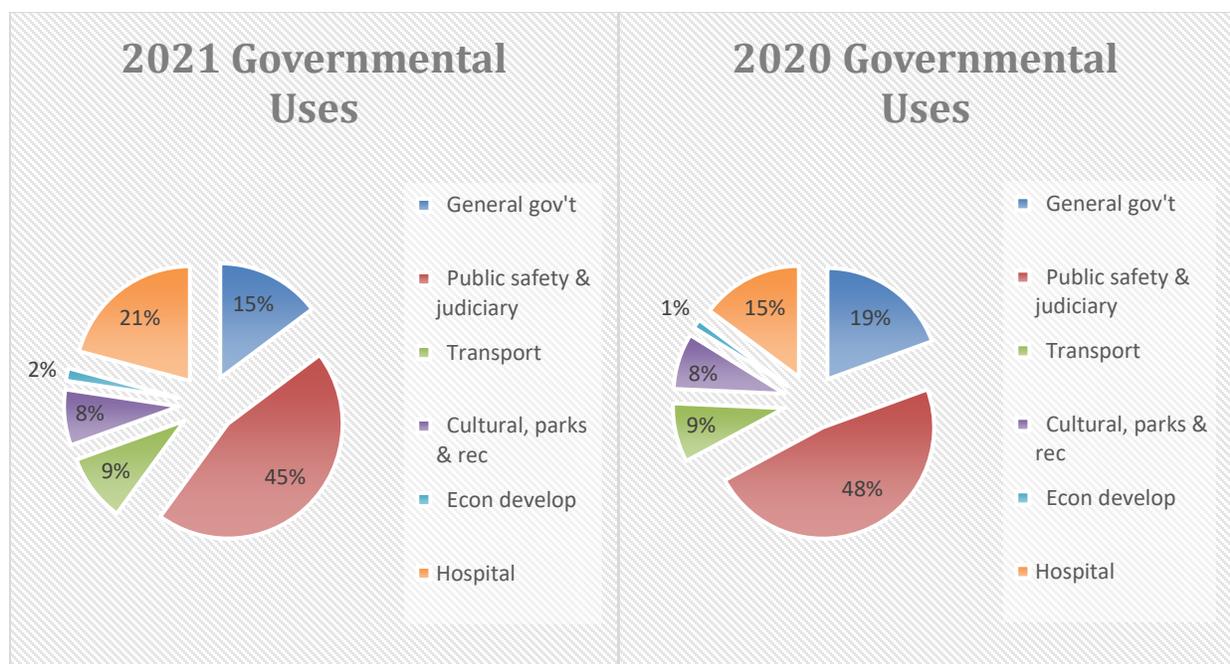
Operating expenses remained consistent between the two year period, noting a change of \$930 thousand dollars or 5%.

The City's financial position has improved when compared to prior year.

Graphic presentations of selected data from the summary table follow to assist in the analysis of the City's activities.



During fiscal year 2021, interest provided 69% of governmental revenue sources compared to 45% in fiscal year 2020. Taxes, includes sales, use, franchise, and alcohol beverage taxes provided 17% of the City's governmental revenues in fiscal year 2021 compared to 41% in prior year. These two sources provide over 86% of governmental sources in both fiscal years.

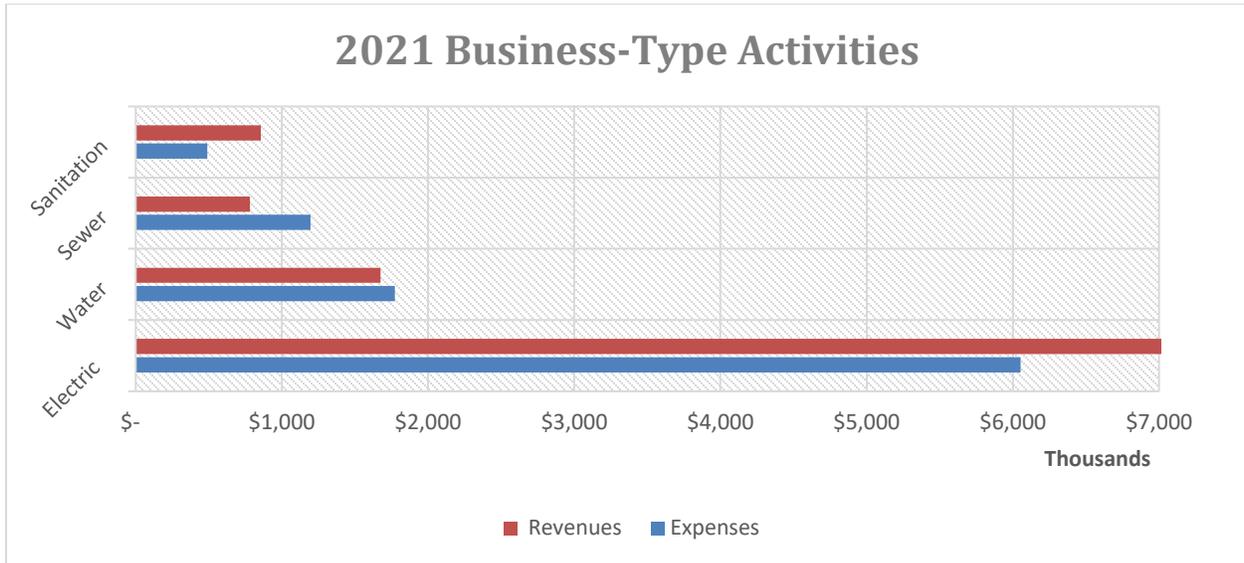


For the year ended June 30, 2021, total expenses for governmental activities were \$8,940,685 compared to \$8,855,715 in prior year. Of this amount, public safety and judiciary with \$4,047,014, was the largest operating service department at 45% of the total cost of services for the City government. This is consistent with the prior year at \$4,223,224 or 48%. These costs, as well as all other governmental activity expenses, were primarily funded by tax revenues. It should be noted that governmental expenses are adjusted from the fund statements to the government-wide statements for the purchase and construction of capital assets.

Government-wide statement is full accrual; capital outlay expenses are eliminated, and capital assets are reported.

**Business-type Activities**

The following is a graphic representation of business-type expenses as a percentage of revenues for the major departments of the City’s enterprise funds:



Business-type activities are shown comparing operating costs to operating revenues generated by the related services. These services are intended to be self-supporting with user charges and other revenues designed to recover costs. Sanitation and Electric utilities covered the cost of their service.

**General Fund Budgetary Highlights**

The original adopted General Fund budget for fiscal year 2021 was \$5,143,106. During the fiscal year, the City approved budget amendments totaling \$437,900 for a total budget of \$5,581,006. Total expenditures for the City were \$5,501,214, which is \$79,792 less than the approved budget. The City complied in all material respects the budget laws and regulations.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2021, the City had \$36.2 million net investment in capital assets, including vehicles and equipment for police and fire operations, street improvements, and park facilities, in governmental activities and utility improvements/infrastructure in business-type activities. Refer to the table below.

Primary Government Capital Assets

(in thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Land and CIP	\$ 351	\$ 604	\$ 30	\$ 461	\$ 381	\$ 1,065
Buildings	1,839	1,913	294	411	2,133	2,324
Machinery & equipment	1,742	1,264	1,311	1,119	3,053	2,383
Utility property & improvements	7,475	7,694	22,683	22,779	30,158	30,473
<b>Total capital assets, net</b>	<b>\$ 11,407</b>	<b>\$ 11,475</b>	<b>\$ 24,318</b>	<b>\$ 24,770</b>	<b>\$ 35,725</b>	<b>\$ 36,245</b>

The following is a list of the more significant capital assets and/or improvements made during the fiscal year:

- Water treatment plant repairs
- Sanitary sewer system improvements
- Electric transfers
- Street improvements

**Long-Term Debt**

The City's changes in long-term debt by type of debt are as follows:

Primary Government Long-Term Debt

(in thousands)

	Governmental		Business-type	
	Activities		Activities	
	2021	2020	2021	2020
Lease obligations	473	591	99	133
Notes payable	-	-	12,875	14,465
Compensated absences	100	150	47	58
Meter deposits	-	-	299	316
Post employment liabilities	4,095	3,587	452	424
<b>Total long term debt</b>	<b>\$ 4,668</b>	<b>\$ 4,328</b>	<b>\$ 13,772</b>	<b>\$ 15,396</b>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

According to the Oklahoma State University, Spears School of Business, *Economic Outlook 2021 Summer Update* "The state and national economies continue to recover from the damage wrought by the COVID-19 pandemic. Parts of the economy that had been most affected saw the greatest increases in activity. The surge in inflation and the current wave of COVID-19 cases...pose risks to the economy." The City has continued to be proactive in unknown changes resulting from the pandemic in the upcoming year.

The *Economic Outlook* stated "the economy is moving towards a new unknown equilibrium of demand, prices, wages, and output. During the adjustment, the economy can simultaneously experience inflation

and high unemployment with the combination of strong demand and constraints on supply.” The pandemic continues to loom as municipalities move forward providing daily, necessary services to citizens.

Fiscal Year 2022 Planning

The City of Blackwell has approved a budget for the municipal entity that encompasses the current market. For a copy of the most recent budget, please contact City Hall.

**CONTACTING THE CITY’S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City’s finances and to show the City’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk’s Office at City Hall 221 W. Blackwell Ave., Blackwell, OK.

**CITY OF BLACKWELL**  
**STATEMENT OF NET POSITION**  
**June 30, 2021**

	<u>Primary Government</u>			
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Component Units</u>
<b>Assets:</b>				
Cash and investments:				
Cash & cash equivalents	\$ 6,949,455	\$ 3,191,535	\$ 10,140,990	\$ 1,169,874
Restricted cash & cash equivalents	618,025	439,635	1,057,660	11,156,197
Investments	750,071	878,430	1,628,501	2,886,586
Restricted investments	58,142,044	240,000	58,382,044	-
Receivables (net of allowance for uncollectibles):				
Services	279,620	1,506,597	1,786,217	17,816,100
Taxes	526,428	178,005	704,433	-
Grant	-	-	-	-
Interest	103,707	-	103,707	36
Due from other funds	-	-	-	-
Other assets	-	261,773	261,773	81,088
<b>Capital assets:</b>				
Land & construction in process	350,912	30,000	380,912	8,200,716
Capital assets net of depreciation	11,056,056	24,514,577	35,570,633	4,085,435
<b>Total assets</b>	<b>\$ 78,776,318</b>	<b>\$ 31,240,552</b>	<b>\$ 110,016,870</b>	<b>\$ 45,396,032</b>
<b>Deferred outflow of resources:</b>				
Deferred charges on pension obligations	1,388,537	310,852	1,699,389	1,000,000
<b>Liabilities:</b>				
Accounts payable	\$ 315,508	\$ 776,090	\$ 1,091,598	\$ 1,296,923
Payroll liabilities	119,827	55,065	174,892	3,442
Interest payable	-	73,399	73,399	-
Unearned revenue	-	-	-	11,117
Meter Deposits/Bonds payable	3,602	299,481	303,083	-
Due from other funds	-	-	-	-
Lease payable, current	120,254	42,000	162,254	-
Notes payable, current	-	1,630,000	1,630,000	493,431
Accrued compensated absences	99,801	46,961	146,762	-
OPEB liability	561,166	259,734	820,900	-
Pension liability	3,503,938	192,214	3,696,152	-
Lease payable, long	352,692	56,696	409,388	-
Notes payable, long	-	11,245,000	11,245,000	41,934,924
<b>Total liabilities</b>	<b>5,076,788</b>	<b>14,676,640</b>	<b>19,753,428</b>	<b>43,739,837</b>
<b>Deferred inflow of resources:</b>				
Deferred charges on pension obligations	546,387	243,691	790,078	-
<b>Net position:</b>				
Net investment in capital assets	11,286,714	11,570,881	22,857,595	2,781,362
Restricted	63,005,990	679,635	63,685,625	-
Unrestricted	248,976	4,380,557	4,629,533	(125,167)
<b>Total net position</b>	<b>\$ 74,541,680</b>	<b>\$ 16,631,073</b>	<b>\$ 91,172,753</b>	<b>\$ 2,656,195</b>

The accompanying notes are an integral part of the basic financial statements.

**CITY OF BLACKWELL**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
General government	\$ 1,319,393	\$ 54,060	\$ 567,436	\$ -	\$ (697,897)
Public safety and judiciary:					
Fire and ambulance	1,896,920	533,664	295,038	-	(1,068,218)
Police	1,581,441	104,506	177,429	-	(1,299,506)
Other	568,652	-	5,931	-	(562,721)
Transportation	848,226	-	59,571	-	(788,655)
Cultural, parks and recreation	704,225	22,410	15,956	-	(665,859)
Economic development	158,920	210,620	-	-	51,700
Hospital	1,862,908	-	-	-	(1,862,908)
<b>Total governmental activities</b>	<b>8,940,685</b>	<b>925,260</b>	<b>1,121,361</b>	<b>-</b>	<b>(6,894,064)</b>
<b>Business-type activities</b>					
Electric	6,053,996	7,801,309	-	-	1,747,313
Water	1,773,617	1,673,710	-	-	(99,907)
Sewer	1,195,783	781,100	-	-	(414,683)
Sanitation	490,049	856,106	-	-	366,057
Administration/other	780,597	584,106	-	-	(196,491)
Golf course	305,452	227,698	-	-	(77,754)
<b>Total business-type activities</b>	<b>10,599,494</b>	<b>11,924,029</b>	<b>-</b>	<b>-</b>	<b>1,324,535</b>
<b>Total</b>	<b>\$ 19,540,179</b>	<b>\$ 12,849,289</b>	<b>\$ 1,121,361</b>	<b>\$ -</b>	<b>\$ (5,569,529)</b>
<b>Component units</b>					
Blackwell Economic Development Authority	4,493	-	-	-	(4,493)
Blackwell Industrial Authority	299,331	371,810	-	-	72,479
Blackwell/Tonkawa Airport Authority	190,640	88,414	27,507	-	(74,719)
Blackwell Hospital Trust Authority	2,026,623	-	15,475	-	(2,011,148)
<b>Total component units</b>	<b>\$ 2,521,087</b>	<b>\$ 460,224</b>	<b>\$ 42,982</b>	<b>\$ -</b>	<b>\$ (2,017,881)</b>

The accompanying notes are an integral part of the basic financial statements.

	<b>Net (Expense) Revenue</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b>Net (expense)/revenue</b>	(6,894,064)	1,324,535	(5,569,529)	(2,017,881)
<b>General revenues:</b>				
Taxes:				
Sales, use and cigarette taxes	2,803,816	1,001,371	3,805,187	-
Franchise taxes	81,221	-	81,221	-
Intergovernmental	-	-	-	-
Investment earnings	11,875,333	10,901	11,886,234	751,763
Miscellaneous	290,063	263,147	553,210	(40,887)
Rents and leases	-	16,154	16,154	-
Late charges	-	111,312	111,312	-
Change in pension obligation	(276,150)	20,163	(255,987)	-
Transfers	1,542,408	(1,542,408)	-	-
Contributions to/(from) discrete component unit	26,000	-	26,000	1,787,904
<b>Total general revenues and transfers</b>	<u>16,342,691</u>	<u>(119,360)</u>	<u>16,223,331</u>	<u>2,498,780</u>
<b>Change in net position</b>	9,448,627	1,205,175	10,653,802	480,899
<b>Net position - beginning of year</b>	65,093,053	15,186,730	80,279,783	2,175,296
Prior period adjustment	-	239,168	239,168	-
<b>Net position - end of year</b>	<u>\$ 74,541,680</u>	<u>\$ 16,631,073</u>	<u>\$ 91,172,753</u>	<u>\$ 2,656,195</u>

The accompanying notes are an integral part of the basic financial statements.

**CITY OF BLACKWELL  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2021**

	<u>General Fund</u>	<u>Blackwell Facilities Authority</u>	<u>Blackwell Public Trust</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Cash and investments:					
Cash & cash equivalents	\$ 3,311,524	\$ 21,453	\$ -	\$ 3,616,478	\$ 6,949,455
Cash & cash equivalents, restricted	-	-	9,322	608,703	618,025
Investments	20,149	-	-	729,922	750,071
Investments, restricted	-	-	58,068,594	73,450	58,142,044
Receivables (net of allowance for uncollectibles):					
Accounts receivable	248,434	-	-	31,186	279,620
Taxes	326,710	133,145	-	66,573	526,428
Interest	-	-	103,707	-	103,707
<b>Total assets</b>	<b>\$ 3,906,817</b>	<b>\$ 154,598</b>	<b>\$ 58,181,623</b>	<b>\$ 5,126,312</b>	<b>\$ 67,369,350</b>
<b>Liabilities and deferred inflows:</b>					
Accounts payable	\$ 162,212	\$ 692	\$ -	\$ 152,604	\$ 315,508
Payroll liabilities	119,028	-	-	799	119,827
Bonds payable	3,602	-	-	-	3,602
<b>Total liabilities</b>	<b>284,842</b>	<b>692</b>	<b>-</b>	<b>153,403</b>	<b>438,937</b>
Unavailable revenue	44,014	-	-	-	44,014
<b>Fund balance:</b>					
Restricted	-	153,906	58,181,623	4,670,461	63,005,990
Committed	-	-	-	21,216	21,216
Assigned	56,303	-	-	281,232	337,535
Unassigned	3,521,658	-	-	-	3,521,658
<b>Total fund balance</b>	<b>3,577,961</b>	<b>153,906</b>	<b>58,181,623</b>	<b>4,972,909</b>	<b>66,886,399</b>
<b>Total liabilities, deferred inflows, and fund equity</b>	<b>\$ 3,906,817</b>	<b>\$ 154,598</b>	<b>\$ 58,181,623</b>	<b>\$ 5,126,312</b>	<b>\$ 67,369,350</b>

The accompanying notes are an integral part of the basic financial statements.

**CITY OF BLACKWELL**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE**  
**STATEMENT OF NET POSITION**  
**June 30, 2021**

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**Total Fund Balances - Total Governmental Funds** \$ 66,886,399

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land and construction in process	\$ 350,912	
Capital assets at cost	18,688,352	
Accumulated Depreciation	<u>(7,632,296)</u>	
Total		11,406,968

Other long-term assets are not available to pay for current period expenditures and they, along with deferred outflows, are either deferred or not reported in the funds:

Accounts receivable, net of allowance for doubtful accounts	44,014
Deferred outflow on pension obligations	1,388,537

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

Leases payable	(472,946)
Accrued compensated absences	(99,801)
OPEB liability	(561,166)
Net pension obligation	(3,503,938)
Deferred inflow on pension obligations	<u>(546,387)</u>

**Net position of governmental activities** **\$ 74,541,680**

**CITY OF BLACKWELL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2021

	<u>General Fund</u>	<u>Blackwell Facilities Authority</u>	<u>Blackwell Public Trust</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Taxes	\$ 1,751,502	\$ 755,690	\$ -	\$ 683,252	\$ 3,190,444
Charges for services	556,074	-	-	-	556,074
Intergovernmental programs	642,964	-	-	30,727	673,691
Fine and forfeitures	128,351	-	-	-	128,351
Rent	34,042	-	-	-	34,042
Licenses and permits	20,018	-	-	-	20,018
Interest	4,692	-	11,867,986	2,655	11,875,333
Donations	4,360	-	-	-	4,360
Miscellaneous	204,564	85,500	-	-	290,064
Proceeds from debt issuance	-	-	-	-	-
<b>Total revenues</b>	<u>3,346,567</u>	<u>841,190</u>	<u>11,867,986</u>	<u>716,634</u>	<u>16,772,377</u>
<b>Expenditures:</b>					
Current:					
General government	1,095,264	-	362,785	-	1,458,049
Economic development	-	-	-	158,919	158,919
Public safety	3,364,651	-	-	65,403	3,430,054
Highways roads and airport	618,125	-	-	28,420	646,545
Cultural and recreational	423,174	-	-	16,540	439,714
Hospital	-	1,862,908	-	-	1,862,908
Debt service:					
Principal	-	-	-	117,841	117,841
Interest expense	-	-	-	9,722	9,722
Capital outlay	55,326	117,496	-	609,605	782,427
<b>Total expenditures</b>	<u>5,556,540</u>	<u>1,980,404</u>	<u>362,785</u>	<u>1,006,450</u>	<u>8,906,179</u>
<b>Excess of revenues over (under) expenditures</b>	(2,209,973)	(1,139,214)	11,505,201	(289,816)	7,866,198
<b>Other financing uses:</b>					
Operating transfers in (out)	3,065,187	1,167,783	(3,893,234)	1,202,672	1,542,408
Contributions from component units	(4,000)	30,000	-	-	26,000
<b>Total other financing uses</b>	<u>3,061,187</u>	<u>1,197,783</u>	<u>(3,893,234)</u>	<u>1,202,672</u>	<u>1,568,408</u>
<b>Excess of revenues over (under) expenditures &amp; transfers</b>	851,214	58,569	7,611,967	912,856	9,434,606
<b>Fund balance - beginning of year</b>	<u>2,726,747</u>	<u>95,337</u>	<u>50,569,656</u>	<u>4,060,053</u>	<u>57,451,793</u>
<b>Fund balance - end of year</b>	<u>\$ 3,577,961</u>	<u>\$ 153,906</u>	<u>\$ 58,181,623</u>	<u>\$ 4,972,909</u>	<u>\$ 66,886,399</u>

The accompanying notes are an integral part of the basic financial statements.

**CITY OF BLACKWELL**  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE  
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
 Year Ended June 30, 2021

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 9,434,606</b>
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>The proceeds of debt issuances 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.</p>	
Capital lease principle payments	117,841
<p>Government-Wide Statement of Activities report accrued compensated absences in the period incurred. However, Governmental Funds do not pay on this liability until the employee has left employment. The amount of the change in accrued absences recorded in the current period.</p>	
	49,928
<p>Government-Wide Statement of Activities report OPEB liabilities in the period incurred. However, Governmental Funds do not pay on this liability. The amount of the change for the OPEB liability recorded in the current period.</p>	
	180,421
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>	
Change in unavailable revenue	(23,845)
<p>Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.</p>	
	782,427
<p>Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.</p>	
	(816,601)
<p>In the statement of activities, the cost of pension benefits earned net of employee contributions are reported as an component of pension expense. The fund financial statements report pension contributions as expenditures.</p>	
	<u>(276,150)</u>
<b>Change in Net Position of Governmental Activities</b>	<b>\$ <u>9,448,627</u></b>

The accompanying notes are an integral part of the basic financial statements.

**CITY OF BLACKWELL**  
**STATEMENT OF FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2021**

	Business-type Activities - Enterprise Funds		
	Blackwell Municipal Authority	Blackwell Municipal Golf Course Authority	Totals
<b>Assets:</b>			
Cash and investments:			
Cash & cash equivalents	\$ 3,124,135	\$ 67,400	\$ 3,191,535
Restricted cash & cash equivalents	439,635	-	439,635
Investments	878,430	-	878,430
Restricted investments	240,000	-	240,000
Receivables (net of allowance for uncollectibles):			
Accounts receivable	1,506,597	-	1,506,597
Taxes	178,005	-	178,005
Interest	-	-	-
Due from other funds	13,544	-	13,544
Other assets	261,773	-	261,773
<b>Capital assets:</b>			
Capital assets net of depreciation	24,395,794	148,783	24,544,577
<b>Total assets</b>	<b>\$ 31,037,913</b>	<b>\$ 216,183</b>	<b>\$ 31,254,096</b>
<b>Deferred outflow of resources:</b>			
Deferred charges on pension obligations	310,852	-	310,852
<b>Liabilities:</b>			
Accounts payable	\$ 767,169	\$ 8,921	\$ 776,090
Payroll liabilities	49,690	5,375	55,065
Interest payable	73,399	-	73,399
Meter Deposits/Bonds payable	299,481	-	299,481
Due from other funds	13,544	-	13,544
Lease payable, current	-	42,000	42,000
Notes payable, current	1,630,000	-	1,630,000
Accrued compensated absences	46,961	-	46,961
OPEB liability	259,734	-	259,734
Pension liability	192,214	-	192,214
Lease payable, long	-	56,696	56,696
Notes payable, long	11,245,000	-	11,245,000
<b>Total liabilities</b>	<b>14,577,192</b>	<b>112,992</b>	<b>14,690,184</b>
<b>Deferred inflow of resources:</b>			
Deferred charges on pension obligations	243,691	-	243,691
<b>Net position:</b>			
Net investment in capital assets	11,520,794	50,087	11,570,881
Restricted	679,635	-	679,635
Unrestricted	4,327,453	53,104	4,380,557
<b>Total net position</b>	<b>\$ 16,527,882</b>	<b>\$ 103,191</b>	<b>\$ 16,631,073</b>

The accompanying notes are an integral part of the basic financial statements.

**CITY OF BLACKWELL**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2021**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Blackwell Municipal Authority</b>	<b>Blackwell Municipal Golf Course Authority</b>	<b>Totals</b>
<b>Revenues:</b>			
Electric revenue	\$ 7,801,309	\$ -	\$ 7,801,309
Water revenue	1,673,710	-	1,673,710
Sewer revenue	781,100	-	781,100
Sanitation revenue	856,106	-	856,106
Processing fees	15,816	-	15,816
Surcharge revenue	568,290	-	568,290
Penalties	111,312	-	111,312
Rental income	16,154	-	16,154
Golf revenues	-	227,698	227,698
Miscellaneous revenue	272,946	-	272,946
Taxes	1,001,371	-	1,001,371
<b>Total revenues</b>	<b>13,098,114</b>	<b>227,698</b>	<b>13,325,812</b>
<b>Operations expense:</b>			
Electric	5,655,533	-	5,655,533
Water	993,701	-	993,701
Wastewater	356,163	-	356,163
Sanitation	490,049	-	490,049
Administration/other	715,424	-	715,424
Golf course	-	241,411	241,411
Depreciation expense	1,624,804	57,560	1,682,364
<b>Total operations expense</b>	<b>9,835,674</b>	<b>298,971</b>	<b>10,134,645</b>
<b>Income before non-operating revenues, expenses &amp; transfers</b>	<b>3,262,440</b>	<b>(71,273)</b>	<b>3,191,167</b>
<b>Non-operating revenues (expenses):</b>			
Interest revenue	10,901	-	10,901
Interest expense	(448,004)	(6,481)	(454,485)
Intergovernmental revenues	-	-	-
<b>Total non-operating revenues (expenses)</b>	<b>(437,103)</b>	<b>(6,481)</b>	<b>(443,584)</b>
<b>Income (loss) before operating transfers</b>	<b>2,825,337</b>	<b>(77,754)</b>	<b>2,747,583</b>
<b>Transfers in (out)</b>			
Operating transfer in/(out) other funds	(1,619,358)	76,950	(1,542,408)
<b>Change in net position</b>	<b>1,205,979</b>	<b>(804)</b>	<b>1,205,175</b>
<b>Net position at beginning of year</b>	<b>15,082,735</b>	<b>103,995</b>	<b>15,186,730</b>
Prior period adjustment	239,168	-	239,168
<b>Net position at end of year</b>	<b>\$ 16,527,882</b>	<b>\$ 103,191</b>	<b>\$ 16,631,073</b>

The accompanying notes are an integral part of the basic financial statements.

**CITY OF BLACKWELL**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
Year Ended June 30, 2021

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Blackwell Municipal Authority</b>	<b>Blackwell Municipal Golf Course Authority</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>			
Cash received from customers & service users	\$ 11,813,397	\$ 228,056	\$ 12,041,453
Cash payments for goods & services & employees	(7,825,543)	(238,844)	(8,064,387)
Other operating revenues	1,001,371	-	1,001,371
<b>Net cash provided by operating activities</b>	<b>4,989,225</b>	<b>(10,788)</b>	<b>4,978,437</b>
<b>Cash flows from noncapital financing activities:</b>			
Operating transfers in from other funds	(1,619,358)	76,950	(1,542,408)
<b>Net cash provided (used) for noncapital financing activities</b>	<b>(1,619,358)</b>	<b>76,950</b>	<b>(1,542,408)</b>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition & construction of capital assets	(1,467,570)	-	(1,467,570)
Principal paid on debt	(1,590,000)	(34,547)	(1,624,547)
Interest paid on debt	(462,156)	(6,480)	(468,636)
Proceeds from issuance of debt	-	-	-
Sale of capital assets	-	-	-
<b>Net cash provided (used) for capital and related financing activities</b>	<b>(3,519,726)</b>	<b>(41,027)</b>	<b>(3,560,753)</b>
<b>Cash flows from investing activities:</b>			
Interest on investments	52,933	-	52,933
<b>Net cash provided by investing activities</b>	<b>52,933</b>	<b>-</b>	<b>52,933</b>
<b>Net increase (decrease) in cash &amp; cash equivalents</b>	<b>(96,926)</b>	<b>25,135</b>	<b>(71,791)</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>\$ 3,660,696</b>	<b>\$ 42,265</b>	<b>\$ 3,702,961</b>
<b>Cash and cash equivalents - end of year</b>	<b>\$ 3,563,770</b>	<b>\$ 67,400</b>	<b>\$ 3,631,170</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ 3,262,440	\$ (71,273)	\$ 3,191,167
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>			
Depreciation	1,624,804	57,560	1,682,364
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(283,346)	358	(282,988)
(Increase) decrease in other assets	459,112	-	459,112
(Increase) decrease in due to other funds	(13,544)	-	(13,544)
(Increase) decrease in deferred outflow	84,121	-	84,121
Increase (decrease) in accounts payable	(183,269)	2,567	(180,702)
Increase (decrease) in payroll liabilities	60,533	-	60,533
Increase (decrease) in due to other funds	13,544	-	13,544
Increase (decrease) in pension obligations	27,625	-	27,625
Increase (decrease) in deferred inflow	(62,795)	-	(62,795)
<b>Total adjustments</b>	<b>1,726,785</b>	<b>60,485</b>	<b>1,787,270</b>
<b>Net cash provided by operating activities</b>	<b>\$ 4,989,225</b>	<b>\$ (10,788)</b>	<b>\$ 4,978,437</b>

The accompanying notes are an integral part of the basic financial statements.

**CITY OF BLACKWELL**  
**STATEMENT OF NET POSITION**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**June 30, 2021**

	Discretely Presented Component Units				Total
	Blackwell Economic Development Authority	Blackwell Industrial Authority	Blackwell/ Tonkawa Airport Authority	Blackwell Hospital Trust Authority	
<b>Assets:</b>					
Cash and investments:					
Cash & cash equivalents	\$ 3,583	\$ 31,840	\$ 60,202	\$ 1,074,249	\$ 1,169,874
Noncurrent cash held by trustee for specific ce	-	-	-	11,156,197	11,156,197
Investments	-	2,808,718	77,868	-	2,886,586
Receivables (net of allowance for uncollectibles):					
Services	-	33,600	-	17,782,500	17,816,100
Taxes	-	-	-	-	-
Grant	-	-	-	-	-
Interest	-	36	-	-	36
Due from other funds	-	-	-	-	-
Other assets	-	-	3,588	77,500	81,088
<b>Capital assets:</b>					
Land & construction in process	108,469	-	667,614	7,424,633	8,200,716
Capital assets net of depreciation	-	495,596	2,177,297	1,412,542	4,085,435
<b>Total assets</b>	<b>\$ 112,052</b>	<b>\$ 3,369,790</b>	<b>\$ 2,986,569</b>	<b>\$ 38,927,621</b>	<b>\$ 45,396,032</b>
<b>Deferred outflow of resources:</b>					
Deferred charges on pension obligations	-	-	-	1,000,000	1,000,000
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 17,531	\$ -	\$ 1,279,392	\$ 1,296,923
Payroll liabilities	-	3,442	-	-	3,442
Interest payable	-	-	-	-	-
Deferred revenue	-	500	10,617	-	11,117
Bonds payable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Lease payable, current	-	-	-	-	-
Notes payable, current	-	102,354	6,590	384,487	493,431
Accrued compensated absences	-	-	-	-	-
OPEB liability	-	-	-	-	-
Pension liability	-	-	-	-	-
Lease payable, long	-	-	-	-	-
Notes payable, long	-	733,555	-	41,201,369	41,934,924
<b>Total liabilities</b>	<b>-</b>	<b>857,382</b>	<b>17,207</b>	<b>42,865,248</b>	<b>43,739,837</b>
<b>Deferred inflow of resources:</b>					
Deferred charges on pension obligations	-	-	-	-	-
<b>Net position:</b>					
Net investment in capital assets	108,469	495,596	2,177,297	-	2,781,362
Restricted	-	-	-	-	-
Unrestricted	3,583	2,016,812	792,065	(2,937,627)	(125,167)
<b>Total net position</b>	<b>\$ 112,052</b>	<b>\$ 2,512,408</b>	<b>\$ 2,969,362</b>	<b>\$ (2,937,627)</b>	<b>\$ 2,656,195</b>

The accompanying notes are an integral part of the basic financial statements.

**CITY OF BLACKWELL  
STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS  
Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Component units</b>					
Blackwell Economic Development Authority	\$ 4,493	\$ -	\$ -	\$ -	\$ (4,493)
Blackwell Industrial Authority	299,331	371,810	-	-	72,479
Blackwell/Tonkawa Airport Authority	190,640	88,414	27,507	-	(74,719)
Blackwell Hospital Trust Authority	2,026,623	-	15,475	-	(2,011,148)
<b>Total component units</b>	<b>\$ 2,521,087</b>	<b>\$ 460,224</b>	<b>\$ 42,982</b>	<b>\$ -</b>	<b>\$ (2,017,881)</b>

	Net (Expense) Revenue				Total
	Blackwell Economic Development Authority	Blackwell Industrial Authority	Blackwell/Tonkawa Airport Authority	Blackwell Hospital Trust Authority	
<b>Net (expense)/revenue</b>	(4,493)	72,479	(74,719)	(2,011,148)	(2,017,881)
<b>General revenues:</b>					
Taxes:					
Sales, use and cigarette taxes	-	-	-	-	-
Franchise taxes	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Investment earnings	-	4,448	931	746,384	751,763
Miscellaneous	15,000	(55,887)	-	-	(40,887)
Rents and leases	-	-	-	-	-
Late charges	-	-	-	-	-
Change in pension obligation	-	-	-	-	-
Contributions to primary government	(30,000)	4,000	-	1,813,904	1,787,904
<b>Total general revenues and transfers</b>	<b>(15,000)</b>	<b>(47,439)</b>	<b>931</b>	<b>2,560,288</b>	<b>2,498,780</b>
<b>Change in net position</b>	<b>(19,493)</b>	<b>25,040</b>	<b>(73,788)</b>	<b>549,140</b>	<b>480,899</b>
<b>Net position - beginning of year</b>	<b>131,545</b>	<b>2,487,368</b>	<b>3,043,150</b>	<b>(3,486,767)</b>	<b>2,175,296</b>
<b>Net position - end of year</b>	<b>\$ 112,052</b>	<b>\$ 2,512,408</b>	<b>\$ 2,969,362</b>	<b>\$ (2,937,627)</b>	<b>\$ 2,656,195</b>

The accompanying notes are an integral part of the basic financial statements.

## **Footnotes to the Basic Financial**

### **1. Financial Reporting Entity**

The City's financial reporting entity includes the primary government (City of Blackwell) four active blended component units and 5 discretely presented components unit as noted below. This annual report includes all activities for which the City of Blackwell City Council/Manager is fiscally responsible, except as noted below.

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

**The City of Blackwell** – that provides the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities.

The City of Blackwell has a population of approximately 6,520 located in north central Oklahoma. The City is a Council/Manager form of government that provides for three branches of government:

- Legislative – the City Council is the governing body elected by the citizens
- 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, street maintenance, culture, parks and recreation.

#### **Blended Component Units:**

**The Blackwell Municipal Authority (BMA)** – A Title 60 public trust that operates the water, sewer, electric and sanitation services of the City. Any debt issuances require a 2/3 majority approval vote of the City Council. The City of Blackwell is the beneficiary of the trust. City Council serves as Authority Trustees and City Management serves as management of the trust.

**The Blackwell Facilities Authority (BFA)** – A Title 60 public trust that promotes economic and community development in the Blackwell area. Any debt issuances require a 2/3 majority approval vote of the City Council. The City of Blackwell is the beneficiary of the trust. City Council serves as Authority Trustees and City Management serves as management of the trust.

**The Blackwell Public Trust (BPT)** – A Title 60 public trust created for the benefit of the City of Blackwell and the Blackwell Municipal Authority. Its purpose is to promote public projects in six defined areas: sewer, water, street, community enhancement, capital improvement and private projects. Any debt issuances require a 2/3 majority approval vote of the City Council. There are 5 trustees consisting of the Mayor of the City of Blackwell, one council member of the City of Blackwell, and 3 others appointed by the City Council. The BPT exclusively benefits the City of Blackwell, the Blackwell Municipal Authority, and the Blackwell Hospital Trust Authority.

**The Blackwell Municipal Golf Course Authority (BMGCA)** – A Title 60 public trust created to operate and maintain the municipal golf course. Any debt issuances require a 2/3 majority approval vote of the City Council. There are 5 trustees appointed by the City Council. All debt payments are made by the City of Blackwell.

Each of these 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 of 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.

**Discretely Presented Component Units:**

**Blackwell Economic Development Authority (BEDA)** - A Title 60 public trust that promotes and stimulates economic growth and development in the Blackwell area. Any debt issuances require a 2/3 majority approval vote of the City Council. There are 7 trustees appointed by the city council. Currently 2 council members are on the board of trustees. The City does not pay for BEDA's debt and does not exclusively benefit from BEDA services.

**Blackwell Industrial Authority (BIA)** – A Title 60 public trust that promotes the development of industry in the Blackwell area. Any debt issuances require a 2/3 majority approval vote of the City Council. There are 5 trustees appointed by the city council. Currently one council member is on the board of trustees. The City does not pay for BIA's debt and does not exclusively benefit from BIA's services.

**Blackwell/Tonkawa Airport Authority (BTAA)** – A Title 60 public trust that operates and maintains a municipal airport for the benefit of the City of Blackwell and the City of Tonkawa, who serve as beneficiaries of the trust. Any debt issuances require a 2/3 majority approval vote of the Blackwell City Council and the Tonkawa City Council. There are 6 trustees—3 appointed by the Blackwell City Council, 3 appointed by the Tonkawa City Council. The City of Blackwell pays for 50% of non-payroll airport expenses. The City does not pay for BTAA's debt and does not exclusively benefit from BTAA's services.

**Blackwell Hospital Trust Authority (BHTA)** – A Title 60 public trust that operates and maintains a municipal hospital. Any debt issuances require a 2/3 majority approval vote of the Blackwell City Council. There are 6 trustees all appointed by the Blackwell City Council, two of these are also city council members. The City does not pay for BHTA's debt and does not exclusively benefit from BHTA's services. The BHTA has a December 31, 2020 reporting year end in these financial statements.

**Lake Blackwell Trust Authority (LBTA)** – A Title 60 public trust that operates and maintains Lake Blackwell. Any debt issuances require a 2/3 majority approval vote of the Blackwell City Council. There are 5 trustees all appointed by the Blackwell City Council; none of these are city council members. The City does not pay for LBTA's debt and does not exclusively benefit from LBTA's services. This component unit's financial information has been excluded from the City's financial statements due to its immateriality.

## **2. Basis of Presentation and Accounting**

### *Government-Wide Financial Statements:*

The statements of net position and activities are reported on the accrual basis of accounting and economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred or economic asset used.

Program revenues in the Statement of Activities, are revenues that are derived directly from each activity or from parties outside of the City's taxpayers. The City has the following program revenues in each activity:

- General Government – license and permits, plat and abatement fees, and code enforcement fees
- Public Safety – police fines and forfeitures, fire and ambulance runs, restricted operating grants and donations including on-behalf payments from the state for police and fire pensions, and restricted capital grants
- Culture, parks, and recreation – swimming pool fees and concession sales
- Water – water service charges
- Electric – electric service charges
- Sanitation – sanitation service charges
- Wastewater – wastewater service charges
- Golf course – golf course service charges

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

The funds of the financial reporting entity are described below.

### *Governmental Funds:*

The City's governmental funds include:

#### 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:
  - Law Enforcement Mileage
  - Municipal Court
- Blackwell Facilities Authority (reported as a special revenue fund) – accounts for one penny sales taxes restricted by a citizen vote for the hospital and Blackwell Public Trust transfers also restricted for the hospital.
- Blackwell Public Trust (reported as a special revenue fund) – accounts for investments held to generate income that are restricted for the following purposes based on a percentage of the gross value of investments.

1/4<sup>th</sup> of 1% of the gross value of the trust for the prior month is allocated to:

- 20% General Fund operational expenses
- 10% Sewer projects
- 10% Water projects
- 10% Street projects
- 6% Community enhancement projects
- 44% Capital projects

1/6<sup>th</sup> of 1% of the gross value of the trust for the prior month or \$66,667, whichever is greater, is allocated for public health projects.

These funds are transferred to the city when needed and requested with the exception of the General Fund and public health projects funds which are transferred monthly.

Aggregated Non-Major Funds (reported as Other Governmental Funds):

Special Revenue Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

- Motel Tax Fund – accounts for restricted motel tax revenues used for economic development and convention/tourism expenses.
- E-911 Fund – accounts for restricted E-911 taxes to be used for the E-911 system.
- Alcohol Education and Prevention – accounts for county DUI revenue and court fines restricted for alcohol education and prevention expenses.
- Environmental Clean-Up Fund – accounts for Blackwell Public Trust funds restricted for environmental clean-up expenses.
- Firefighter’s Grant Fund – accounts for firefighter grants restricted for grant purposes.
- Steve Levalley Memorial – accounts for an estate donation restricted for animal shelter purposes.
- Police Federal Forfeiture – accounts for drug forfeiture revenue restricted for drug enforcement purposes
- Recreation Sales Tax Fund – accounts for ½ cent sales tax restricted for recreation purposes
- BPT Allocation Fund – accounts for transfers from Blackwell Public Trust for specific purposes as required by the trust indenture

Capital Projects Funds:

- CDBG Fund – accounts for CDBG grant revenues to be used for grant capital projects.
- Sales Tax Capital Improvement Fund – accounts for 1.5 cents sales tax restricted for capital projects.

The governmental funds are reported on the modified accrual basis of accounting. On the modified accrual basis of accounting revenues are recorded when earned and measurable and available to pay current financial obligations, while expenditures are recorded when incurred and payable from current financial resources. The City defines revenue availability as collected within 60 days of period end.

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

The General Fund, Blackwell Facilities Authority, and Blackwell Public Trust are considered major funds and are therefore displayed in separate columns. All other governmental funds are considered non-major funds and are aggregated under the column Other Governmental Funds.

*Proprietary Funds:*

The City's proprietary funds include

**Enterprise Funds**

- Blackwell Municipal Authority (BMA) BMA Operations Fund that accounts for the activities of the public trust in providing water, sewer, electric, and sanitation services to the public. For financial reporting purposes, it includes the following accounts: Sewer Capital Improvement, Water Improvement, Meter Deposit, and Utility Reserve.
- Blackwell Municipal Golf Course Authority accounts for the activities of the public trust in operating and maintaining the municipal golf course.

For purposes of the statement of revenues, expenses and changes in 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.

**Pensions**

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

**3. Cash, Cash Equivalents, and Investments**

For the purpose of the statements of net position, balance sheets, and statement of cash flows, cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three-months or less. Trust account investments in open-ended mutual fund shares are also considered cash equivalents for reporting purposes.

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At June 30, 2021, the primary government held the following deposits and investments:

Type	Fair Value	Maturities in Years				
		Demand	< 1	1-5	6-10	>10
<b>Deposits:</b>						
Demand deposits	\$ 9,255,604	9,255,604	-	-	-	-
Cash on hand	1,095	1,095	-	-	-	-
Certificates of deposit	1,941,951	-	1,941,951	-	-	-
	<u>11,198,650</u>					
<b>Investments:</b>						
U.S. Treasury Notes	4,315,725	-	-	2,468,209	1,847,516	-
Corporate Bonds	8,303,297	-	236,088	4,569,434	3,497,775	-
Municipal Bonds	65,719	-	-	-	65,719	-
FHLMC Mortgage Pool	756,421	-	-	-	229,633	526,788
FNMA Mortgage Pool	1,169,789	-	-	10,500	366,720	792,569
CMO & Asset Backed Securities	376,165	-	-	172,298	23,228	180,639
Money Market Funds	1,535,171	-	1,305,849	229,322	-	-
	<u>27,720,937</u>	<u>9,256,699</u>	<u>3,483,888</u>	<u>7,449,763</u>	<u>6,030,591</u>	<u>1,499,996</u>
Mutual Funds	2,102,091					
Equities	36,217,629					
Stocks	5,168,538					
	<u>43,488,258</u>					
<b>Total deposits and investments</b>	<b>\$ 71,209,195</b>					
<b>Reconciliation to Statement of Net Position:</b>						
Cash and cash equivalents	\$ 10,140,990					
Restricted cash and cash equivalents	1,057,660					
Investments	1,628,501					
Restricted investments	58,382,044					
	<u>\$ 71,209,195</u>					

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S&P Rating	Corporate Bonds	Municipal Bonds	FHLMC Mortgage Pools	CMO & Asset Backed Securities	Money Market Mutual Funds	Totals
A+	\$ 270,587	\$ -	\$ -	\$ -	\$ -	\$ 270,587
A-	1,068,297	-	-	-	-	1,068,297
AA	-	65,719	-	-	-	65,719
AA+	-	-	756,421	70,513	-	826,934
AAA	-	-	-	106,552	-	106,552
unrated	-	-	-	-	1,535,171	1,535,171
B	-	-	-	34,279	-	34,279
BB	-	-	-	23,228	-	23,228
BB+	421,227	-	-	32,111	-	453,338
BB-	-	-	-	23,372	-	23,372
BBB	2,500,796	-	-	-	-	2,500,796
BBB+	2,121,745	-	-	86,110	-	2,207,855
BBB-	1,920,645	-	-	-	-	1,920,645
<b>TOTAL</b>	<b>\$ 8,303,297</b>	<b>\$ 65,719</b>	<b>\$ 756,421</b>	<b>\$ 376,165</b>	<b>\$ 1,535,171</b>	<b>\$ 11,036,773</b>

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

The City’s policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value. At June 30, 2021, 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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, with the exception of Blackwell Public Trust investments.

The Blackwell Public Trust investment policy with regards to interest rate risk is that the portfolio must maintain a weighted average duration of 7 years or less. The investments had a weighted average maturity date of 2.58 years which complies with the policy.

*Investment Credit Risk* - The City has limited its investment choices to state law as follows:

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.

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- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c., and d.

The Blackwell Public Trust has investment policies on the allocation of assets as follows:

	Target	Allowable Range	Actual
Equities	60%	20% - 75%	62%
Fixed Income	40%	20% - 70%	30%
Cash	0%	0% - 20%	8%
	100%		100%

Equity investments include common stocks (or their equivalents), real estate investment trusts (REITs), exchange traded index funds (ETFs), American Depository Receipts (ADRs) traded on recognized exchanges, and equity mutual funds whose objectives are consistent with this policy. The quality rating of at least sixty (60%) percent of any individually held common stocks should be B+ or better, as rates by Standard & Poor's or other equivalent rating services. Diversified equity funds are not subject to the aforementioned individual stock quality rating requirement.

The BPT may use convertible preferred stocks and bonds as equity investments. The quality rating of convertible preferred stock and convertible bonds must be BBB or better, as rated by Standard & Poor's. The common stock into which both may be converted must be rated as noted in the previous paragraph.

The weighted average long-term credit rating of the fixed-income portfolio must be investment grade as determined by the major rating agencies. Investment grade for Standard & Poor's is considered to be AAA to BBB-. Only \$534,217 (BB and BB+) of fixed income investments was less than investment grade. The portfolio may consist of only traditional principal and interest obligations where the interest can be either in the form of period coupon payments or accrual. Diversified fixed income funds may hold individual bonds that are below investment grade so long as the fixed income portfolio's weighted average, long-term credit rating meets the investment grade requirement.

The quality rating of commercial paper must be A-1 or better. The assets of any money market mutual funds must comply with the quality provisions for fixed income securities or short-term reserves.

*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). There was no concentration of investment credit risk as defined. 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 places no limit on the amount it may invest in any one issuer.

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The policy of the Blackwell Public Trust requires the portfolio to have reasonable diversification at all times by investing across and within asset classes. Specific asset class ranges outlined below should be adhered to:

1. *Single Security Concentration.* The BPT should avoid investments in equity securities of any one company that exceed 5% of the investment portfolio or the total securities position (debt and equity) in any one company that exceed 10% of the portfolio. The exception is for direct obligations of the U.S. Government and its agencies. The BPT complied with these policies.
2. *Non-U.S. Securities.* The BPT should not allocate more than 20% of the total portfolio in non-U.S. investments.
3. *Sector Diversification.* The BPT should maintain reasonable sector allocations and diversification. The BPT may not invest 25% of the portfolio in any one sector, as determined by GICS (Global Industry Classification Standards).

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the investments' fair values were determined using Level 1 inputs.

All of the investments as listed above have recurring fair value measurements as of June 30, 2021.

*Restricted Cash and Investments* – The amounts reported as restricted assets of the Statement of Net Position are comprised of amounts restricted for utility deposits, debt service, debt reserve, construction and BPT purposes. The restricted assets as of June 30, 2021 are as follows:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	Cash	Investments	Cash	Investments
Recreation	\$ 608,703	\$ 73,450	\$ -	\$ -
Capital projects	-	-	-	-
Meter Deposits	-	-	74,441	240,000
Debt Service	-	-	365,194	-
Blackwell Public Trust	9,322	58,068,594	-	-
	<b>\$ 618,025</b>	<b>\$ 58,142,044</b>	<b>\$ 439,635</b>	<b>\$ 240,000</b>

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**4. Accounts Receivable**

Accounts receivable of the business-type activities consist of customers utilities services provided, both billed and unbilled, due at year end, reported net of allowance for uncollectible amounts. The governmental activities receivables include fines and other receivables.

	<b>Court Fines Receivable</b>	<b>Other Receivable</b>	<b>Utility Receivable</b>
Accounts receivable	\$ 568,675	\$ 363,229	\$ 2,554,726
Less: allowance for uncollectible accounts	(485,744)	(166,540)	(1,048,129)
Accounts receivable, net of allowance	\$ 82,931	\$ 196,689	\$ 1,506,597

**5. Capital Assets and Depreciation**

*Capital Assets:*

Capital assets consist of land, construction in progress, buildings and building improvements, machinery and equipment, vehicles, and infrastructure. Capital assets are reported at actual or estimated historical cost if actual is unavailable, and reported in the government-wide financial statements. Donated capital assets are recorded at their fair value at the date of donation. Proprietary fund capital assets are also reported in their respective funds.

The City capitalizes assets with cost in excess of \$5,000 as purchases and construction outlays occur. Capital assets are depreciated using the straight-line method. Estimated useful lives, in year, for depreciable assets are as follows:

Buildings	40 years
Improvements other than buildings	30-50 years
Vehicles and equipment	5-10 years
Infrastructure	40 years

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For the year ended June 30, 2021, capital assets balances changed as follows:

<b>Governmental Activities:</b>	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2021</u>
Non-depreciable assets:				
Land	\$ 12,218	\$ 200,635	\$ -	\$ 212,853
Construction in progress	592,277	104,084	558,302	138,059
Total non-depreciable assets	<u>604,495</u>	<u>304,719</u>	<u>558,302</u>	<u>350,912</u>
Depreciable assets:				
Equipment	2,743,606	309,624	-	3,053,230
Vehicles	2,928,453	570,449	-	3,498,902
Buildings/Improvements	3,149,913	41,303	-	3,191,216
Infrastructure	8,864,119	80,885	-	8,945,004
Total depreciable assets	<u>17,686,091</u>	<u>1,002,261</u>	<u>-</u>	<u>18,688,352</u>
Less accumulated depreciation:	<u>(6,815,695)</u>	<u>(816,601)</u>	<u>-</u>	<u>(7,632,296)</u>
Net depreciable assets	<u>10,870,396</u>	<u>185,660</u>	<u>-</u>	<u>11,056,056</u>
Net governmental activities capital assets	<u>\$ 11,474,891</u>	<u>\$ 490,379</u>	<u>\$ 558,302</u>	<u>\$ 11,406,968</u>
<b>Business-Type Activities:</b>	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2021</u>
Non-depreciable assets:				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
Construction in progress	430,568	345,891	776,459	-
	<u>460,568</u>	<u>345,891</u>	<u>776,459</u>	<u>30,000</u>
Depreciable assets:				
Machinery and equipment	3,369,681	484,187	-	3,853,868
Buildings	2,889,089	-	-	2,889,089
Infrastructure	43,149,207	1,403,586	-	44,552,793
Total depreciable assets	<u>49,407,977</u>	<u>1,887,773</u>	<u>-</u>	<u>51,295,750</u>
Less accumulated depreciation:	<u>(25,098,809)</u>	<u>(1,682,364)</u>	<u>-</u>	<u>(26,781,173)</u>
Net depreciable assets	<u>24,309,168</u>	<u>205,409</u>	<u>-</u>	<u>24,514,577</u>
Net business-type activities capital assets	<u>\$ 24,769,736</u>	<u>\$ 551,300</u>	<u>\$ 776,459</u>	<u>\$ 24,544,577</u>

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*Depreciation:*

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 has been allocated as follows:

<b>Governmental Activities:</b>		<b>Business-type Activities:</b>	
General government	\$ 63,016	Electric	\$ 354,297
Public safety & judiciary	264,881	Water	571,642
Transportation	225,522	Sewer	644,057
Cultural, parks & recreation	<u>263,182</u>	Golf	57,560
		Administration	34,120
Total depreciation expense	<u>\$ 816,601</u>	Economic Development	<u>20,688</u>
		Total depreciation expense	<u>\$ 1,682,364</u>

**6. Long-Term Debt and Debt Service Requirements**

For the year ended June 30, 2021, the reporting entity's long-term debt changed as follows:

	Balance Outstanding July 1, 2020	Issued	Retired	Balance Outstanding June 30, 2021	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Capital lease obligation	\$ 590,787	\$ -	\$ (117,841)	\$ 472,946	\$ 120,254
Notes payable	-	-	-	-	-
Accrued compensated absences	149,729	-	(49,928)	99,801	-
Pension obligation	2,746,580	757,358	-	3,503,938	-
OPEB liability	775,336	-	(214,170)	561,166	-
Total Governmental Activities	<u>\$ 4,262,432</u>	<u>\$ 757,358</u>	<u>\$ (381,939)</u>	<u>\$ 4,637,851</u>	<u>\$ 120,254</u>
<b>Business-Type Activities:</b>					
Capital lease obligation	\$ 133,242	\$ -	\$ (34,546)	\$ 98,696	\$ 42,000
Notes payable	14,465,000	-	(1,590,000)	12,875,000	1,630,000
Deposits subject to refund	316,390	-	(16,909)	299,481	-
Accrued compensated absences	57,804	-	(10,843)	46,961	-
Pension obligation	65,461	126,753	-	192,214	-
OPEB liability	358,862	-	(99,128)	259,734	-
Total Governmental Activities	<u>\$ 15,396,759</u>	<u>\$ 126,753</u>	<u>\$ (1,751,426)</u>	<u>\$ 13,772,086</u>	<u>\$ 1,672,000</u>

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*Governmental activities long-term debt:*

**Capital Lease Obligations:** City of Blackwell

<p>\$609,872 capital lease with RCB Bank for a 2020 Type 1 Dodge 4500 Wheel Coach Ambulance, a 2020 Type 2 Ford Transit High Top Ambulance, a Lifepak 15 Defibrillator, a 2020 Freightliner (M2-106) 2000 Gallon Tanker Pumper, and various fire accessories in monthly installments of \$10,630, final payment due April 2025, interest rate 1.75%. In the event Lessor obtains a judgement against Lessee in money damages, as a result of a event of default, Lessee will be obligated to pay such judgment.</p>	<u>\$472,946</u>
<b>Total Capital Lease Obligations</b>	<u><b>\$472,946</b></u>
Current portion	120,254
Non-current portion	<u>352,692</u>
Total Capital Lease Obligations	<u><b>\$472,946</b></u>

*Business-type activities long-term debt:*

**Capital Lease Obligations:**

Blackwell Municipal Golf Course Authority

\$36,093 capital lease with TCF Equipment Finance to purchase golf course equipment, payable in monthly installments of \$685.41, final payment due April 2023, interest rate 5.45%. In the event of default, the lessor may declare the entire balance immediately due and payable, sue for and receive all lease payments, take whatever action at law or in equity may appear necessary, charge interest on monies due at a rate of 18% per year from date of default until paid, charge a return check charge or non-sufficient funds charge of \$25 for a check returned for any reason, repossess the equipment, or pay all expenses incurred in connection with the enforcement of any remedies. \$ 16,750

\$51,269 capital lease with TCF Equipment Finance to purchase a Toro Topdresser 2500 with a Toro ProForce Debris Blower and accessories, payable in monthly installments of \$973, final payment due in April 2025, interest rate 5.40%. In the event of default, the creditor could declare the entire balance of the unpaid Lease Payments for the then current Initial Term or Renewal Term immediately due and payable; sue for and receive all Lease Payments and any other payment then accrued or accelerated under this lease; take whatever action at law or in equity may appear necessary or desirable to enforce the creditor rights as owner of the equipment; charge the City interest on all monies due the creditor at the rate of 18% per year from the date of default until paid, but in no event more than the maximum rate permitted by law; charge a return-check or non-sufficient funds charge of \$25 for a check that is returned for any reason; require the City to return the equipment to the creditor, and if the City fails to return the equipment, enter upon the premises peaceably with or without legal process where the equipment is located and repossess the equipment. Such return or repossession of the equipment will not constitute a termination of this lease unless the creditor expressly notifies the City in writing. If the equipment is returned or repossessed by the creditor and unless the creditor has terminated the lease, the creditor will sell or re-rent the equipment to any persons and any terms the creditor determines, and apply the net proceeds to the City's obligation, and the City is liable for any deficiency.  
41,115



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\$5,000,000 - 2012 Series Utility System and Sales Tax Revenue note payable direct borrowing debt with the Bank of Oklahoma, used to (i) construct certain water system and street improvements benefitting The City of Blackwell; and (ii) pay certain costs associated with the issuance of the note; final payment October 2027, secured by a pledge of revenues generated by the water, sanitary sewer, solid waste management, and electric systems leased unto the Issuer as well as sales tax (1.5%), interest rate 2.98%, payable in semi-annual installments.

In the event of default, the lender may accelerate the payment of principal and interest; appointment of temporary trustees to take over, operate, and maintain the system on a profitable basis and ensure the payment of the principal and interest on the bonds; suit at law or equity to enforce or enjoin the action or inaction of parties under the provisions of the indenture; and suit of specific performance of any or all of the covenants of the Authority contained in the Indenture or in the bonds.

2,450,000

\$9,965,000 - 2015 Series Utility System and Sales Tax Revenue note payable direct borrowing debt with the Bank of Oklahoma, used to (i) construct certain water and wastewater system improvements, along with related costs; and (ii) pay certain costs associated with the issuance of the note; final payment October 2030, secured by a pledge of revenues generated by the water, sanitary sewer, solid waste management, and electric systems leased unto the Issuer as well as sales tax (1.5%), interest rate 2.63%, payable in semi-annual installments. In the event of default, the lender may accelerate the payment of principal and interest; appointment of temporary trustees to take over, operate, and maintain the system on a profitable basis and ensure the payment of the principal and interest on the bonds; suit at law or equity to enforce or enjoin the action or inaction of parties under the provisions of the indenture; and suit of specific performance of any or all of the covenants of the Authority contained in the Indenture or in the bonds.

6,960,000

Total Revenue Notes Payable	<u>\$ 12,875,000</u>
Current portion	1,675,000
Non-current portion	<u>11,200,000</u>
Total	<u>\$12,875,000</u>

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**Debt Service Requirements to Maturity:**

Year Ending June 30,	Governmental		Business-Type Activities		
	Capital Lease Obligations	Capital Lease Obligations	Notes Payable		
			Principal	Interest	
2022	\$ 120,254	\$ 42,000	\$ 1,630,000	\$ 391,087	
2023	122,375	35,704	1,675,000	335,717	
2024	124,534	15,286	1,755,000	277,653	
2025	105,783	5,706	1,785,000	217,805	
2026	-	-	1,755,000	156,583	
2027-2031	-	-	4,275,000	258,715	
	<u>\$ 472,946</u>	<u>\$ 98,696</u>	<u>\$ 12,875,000</u>	<u>\$ 1,637,560</u>	

**Pledge of Future Revenues**

Debt	Revenue Pledged	Total Pledged Revenue in Current Year	Current Year Debt Service Requirements	Percentage Portion of Pledged Revenue	Remaining Principle and Interest	Period Revenue Will Not Be Availabe for
Series 2006	Net revenue of BMA utilities - water, sewer, solid waste, and electric systems, plus 1.5% sales tax	\$ 5,390,760	\$ 595,570	11%	\$ 2,835,522	Until 2026
Series 2008	Net revenue of BMA utilities - water, sewer, and solid waste, plus 1.5% sales tax	2,769,081	178,044	6%	1,055,456	Until 2027
Series 2012	Net revenue of BMA utilities - water, sewer, solid waste, and electric systems, plus 1.5% sales tax	5,390,760	432,609	8%	2,712,613	Until 2028
Series 2015	Net revenue of BMA utilities - water, sewer, solid waste, and electric systems, plus 1.5% sales tax	5,390,760	840,804	16%	7,908,970	Until 2031

**7. Net Position and Fund Balances**

*Fund Statements:*

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

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.

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- 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, while the Blackwell Facilities Authority and the Blackwell Public Trust’s highest level of decision-making authority is by resolution.
- 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 following tables show the fund balance classifications as shown on the Governmental Funds Balance Sheet:

<u>Major Special Revenue Funds</u>					
	General Fund	Blackwell Facilities Authority	Blackwell Public Trust	Other Governmental	Total
<b>Restricted for:</b>					
Hospital	\$ -	\$ 153,906	\$ -	\$ -	\$ 153,906
Capital improvements	-	-	58,181,623	4,320,620	62,502,243
Economic development/tourism	-	-	-	239,192	239,192
Environmental cleanup	-	-	-	61,789	61,789
Firefighters grants	-	-	-	8,832	8,832
Police drug enforcement	-	-	-	30,705	30,705
CDBG grant capital	-	-	-	9,323	9,323
Sub-total Restricted	-	153,906	58,181,623	4,670,461	63,005,990
<b>Committed to:</b>					
Alcohol education/prevention	-	-	-	11,269	11,269
Animal shelter	-	-	-	9,947	9,947
Sub-total Committed	-	-	-	21,216	21,216
<b>Assigned to:</b>					
Law Enforcement Mileage Fund	46,431	-	-	-	46,431
Municipal Court Fund	9,872	-	-	-	9,872
E-911	-	-	-	281,232	281,232
Sub-total Assigned	56,303	-	-	281,232	337,535
<b>Unassigned:</b>					
	3,521,658	-	-	-	3,521,658
<b>TOTAL FUND BALANCES</b>	<b>\$ 3,577,961</b>	<b>\$ 153,906</b>	<b>\$ 58,181,623</b>	<b>\$ 4,972,909</b>	<b>\$ 66,886,399</b>

Equity for Proprietary Funds and Government-Wide activities is classified as net position and displayed in three components:

- f. 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.
- g. 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.
- h. Unrestricted net position* - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

*Prior Period Adjustments:*

Certain restatements of the beginning net position of the government-wide financial statements and the individual enterprise fund financial statements were necessary in order to correct errors presented in the previously reported financial statements.

The Blackwell Municipal Authority beginning net position was adjusted \$239,168 to recognize proceeds from FEMA received in the prior year.

**8. Internal and Interfund Balances and Transfers**

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

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*Transfers:*

Internal transfers between funds, accounts and activities for the year ended June 30, 2021 were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
<b>GOVERNMENTAL ACTIVITIES</b>		
<i>GENERAL FUND</i>		
BLACKWELL PUBLIC TRUST	\$ 323,967	\$ -
MUNICIPAL AUTHORITY	2,577,108	116,000
OTHER GOVERNMENTAL FUNDS	361,415	121,049
<i>BLACKWELL FACILITIES AUTHORITY</i>		
GENERAL FUND	105,519	77,625
BLACKWELL PUBLIC TRUST	1,079,889	-
BLACKWELL FACILITIES AUTHORITY	30,000	-
<i>BLACKWELL PUBLIC TRUST</i>		
GENERAL FUND	-	323,967
BLACKWELL FACILITIES AUTHORITY		1,079,889
OTHER GOVERNMENTAL FUNDS		1,563,479
MUNICIPAL AUTHORITY		830,153
<i>OTHER GOVERNMENTAL FUNDS</i>		
GENERAL FUND	1,661	150,000
BLACKWELL FACILITIES AUTHORITY	-	135,520
BLACKWELL PUBLIC TRUST	1,563,481	-
GOLF COURSE AUTHORITY	-	76,950
<b>BUSINESS-TYPE ACTIVITIES</b>		
<i>MUNICIPAL AUTHORITY</i>		
GENERAL FUND	952,981	3,402,492
BLACKWELL PUBLIC TRUST	830,153	-
<i>GOLF COURSE AUTHORITY</i>		
OTHER GOVERNMENTAL FUNDS	76,950	-
<i>ECONOMIC DEVELOPMENT AUTHORITY</i>		
BLACKWELL FACILITIES AUTHORITY	-	30,000
<i>INDUSTRIAL AUTHORITY</i>		
GENERAL FUND	4,000	-
	<u>\$ 7,907,124</u>	<u>\$ 7,907,124</u>

**9. Sales Tax**

Sales tax revenue represents a 5 cents tax on each dollar of taxable sales of which is recorded as follows:

- 3.5 cents is recorded in the General Fund. 2 cents is retained in the General Fund to be used for operations. 1.5 cents is transferred to Blackwell Municipal Authority to be used for debt service and capital expenditures per voter elections. This tax terminates effective 9/30/2030.
- .5 cents is recorded in the Recreation Sales Tax Fund to be used for recreational purposes per voter election. This tax terminates effective 9/30/2030.
- 1.0 cent is recorded in the Blackwell Facilities Authority to be used for promoting public health per voter election. This 1.0 cents is then paid to the Blackwell Hospital Trust Authority.

**10. Other Post-Employment Benefits**

*Plan description:* The City’s defined benefit OPEB plan provides OPEB to eligible retirees and their dependents. The City Council has the authority to establish and amend benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

*Benefits provided:* The City provides medical (including prescription drug) benefits to eligible retirees and their covered dependents. The retirees and dependents pay 100% of the active employee coverage rates; this results in the retirees and beneficiaries receiving an implicit rate subsidy. The City also provides dental and vision coverage to eligible retirees, but these benefits are not considered as receiving an implicit rate subsidy. Retirees and dependents coverage ceases at age 65 and are no longer eligible for the City’s OPEB plan. All active non-public safety employees who retire directly from the City after age 52 with 5 years of service and all public safety employees who retire with 20 years of service (no minimum age) may participate.

*Employees covered by benefit terms:* At June 30, 2021 the following employees were covered by the benefit terms:

Active Employees and Dependents	86
Inactives or beneficiaries currently receiving benefit	4
Total	90

*Total OPEB Liability* – The City’s total OPEB liability of \$820,900 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions- The total OPEB liability was determined based on an actuarial valuation prepared as of June 30, 2021 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Discount Rate – 2.16%, based on published Bond Buyer GO Bond 20 index
- Participation Rate – 100% of active and retirees will elect to continue coverage
- Turnover –employee rates are based on actual experience of the Oklahoma Municipal Retirement Fund.

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Retirement Rates:	<i>Retirement Rate</i>
Age	Rate
55	25%
60	17%
61	17%
62	30%
63	20%
64	15%
65	30%
70	100%

- Healthcare cost trend rates - 5.00% level
- Mortality Rates - RPH-2014 Mortality Table with projection MP-2020

Changes in Total OPEB Liability – The following table reports the components of changes in total OPEB liability:

	<b>Total OPEB Liability</b>
Balances beginning of the year	\$ 1,134,198
Changes for the year:	
Service cost	121,506
Interest expense	25,573
Differences between expected and actual experience	(313,897)
Change of assumptions	(130,364)
Benefits paid	(16,116)
Net changes	(313,298)
Balances end of the year	\$ 820,900

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate—The following presents the total OPEB liability of the employer calculated using the discount rate of 2.16%, as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.16%) or 1-percentage-point higher (3.16%) than the current rate:

	<b>1% Decrease (1.16%)</b>	<b>Current Discount Rate (2.16%)</b>	<b>1% Increase (3.16%)</b>
City's total OPEB liability	928,826	820,900	731,009

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Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate-The following presents the total OPEB liability of the employer calculated using the healthcare cost trend rate of 4.5%, as well as what the Plan's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower (3.5%) or 1-percentage-point higher (5.50%) than the current rate:

	<b>1% Decrease (3.5%)</b>	<b>Current Discount Rate (4.5%)</b>	<b>1% Increase (5.5%)</b>
City's total OPEB liability	697,912	820,900	978,963

**OPEB Expense**- For the year ended June 30, 2021, the City recognized OPEB expense of \$97,240.

**11. 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 purchases commercial insurance to cover these and other risks, including general auto liability, property damage, and public officials' liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

**12. Commitments and Contingencies**

*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 Blackwell 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. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

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**13. Pension Plan Participation**

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

- Oklahoma Firefighter’s Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
- Oklahoma Municipal Retirement Fund – an agent multiple-employer defined benefit plan
- Oklahoma Municipal Retirement Fund – agent multiple-employer defined contribution plan

A summary of all the amounts recorded in the City’s financial statements for the plans is as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Plan Totals</b>
<b>Net Pension Liability:</b>			
OkMRF	121,740	192,214	313,954
Police	239,007	-	239,007
Firefighters	3,143,191	-	3,143,191
<b>Total</b>	<b>3,503,938</b>	<b>192,214</b>	<b>3,696,152</b>
<b>Deferred Outflows of Resources:</b>			
OkMRF	196,881	310,852	507,733
Police	451,580	-	451,580
Firefighters	740,076	-	740,076
<b>Total</b>	<b>1,388,537</b>	<b>310,852</b>	<b>1,699,389</b>
<b>Deferred Inflows of Resources:</b>			
OkMRF	154,344	243,691	398,035
Police	120,470	-	120,470
Firefighters	271,573	-	271,573
<b>Total</b>	<b>546,387</b>	<b>243,691</b>	<b>790,078</b>
<b>Pension Expense:</b>			
OkMRF	55,582	87,757	143,339
Police	280,950	-	280,950
Firefighters	606,877	-	606,877
<b>Total</b>	<b>943,409</b>	<b>87,757</b>	<b>1,031,166</b>

## **Oklahoma Firefighter's Pension and Retirement System**

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

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

Normal Retirement:

- Hired Prior to November 1, 2013

Normal retirement is attained upon completing 20 years of service. The normal retirement benefit is equal to 50% of the member's final average compensation. Final average compensation is defined as the monthly average of the highest 30 consecutive months of the last 60 months of participating service. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month.

- Hired After November 1, 2013

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

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

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

**Contributions** - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Volunteer firefighters have no contribution requirement. Participating cities are required to contribute \$60 annually for each volunteer firefighter. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$117,139. The State of Oklahoma also made on-behalf contributions to OFPRS in the amount of \$264,311 during the fiscal year and this is reported as both expense and revenue in the General Fund Statement of

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Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$267,775. These on-behalf payments did not meet the criteria of a special funding situation.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At June 30, 2021, the City reported a liability of \$3,143,191 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2020. Based upon this information, the City's proportion was 0.50002040%.

For the year ended June 30, 2021, the City recognized pension expense of \$606,877. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 400,601	\$ 42,174
Changes of assumptions	-	53,265
Net difference between projected and actual earnings on pension plan investments	222,336	176,134
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	117,139	-
<b>Total</b>	<b>\$ 740,076</b>	<b>\$ 271,573</b>

The \$117,139 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ 66,770
2022	129,708
2023	96,426
2024	58,460
2025	-

**Actuarial Assumptions-** The total pension liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	2.75%
Salary increases:	2.75% to 10.5% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

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Mortality rates were based on the Pub-2010 Public Safety Table, with adjustments for generational mortality improvement using scale MP-2018 for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013, to June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20%	4.90%
Domestic equity	47%	7.09%
International equity	15%	9.19%
Real estate	10%	7.99%
Other assets	8%	5.57%

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

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

	<b>1% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
City's proportionate share of the net pension liability/(asset)	4,082,011	3,143,191	2,357,717

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

**Oklahoma Police Pension and Retirement System**

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

**Benefits provided** - OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of

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credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later. Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

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

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

**Contributions** - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$83,290. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$60,369 during the fiscal year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$83,858. These on-behalf payments did not meet the criteria of a special funding situation.

**Pension Net Liability (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At June 30, 2021, the City reported a liability of \$239,007 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2020. Based upon this information, the City's proportion was 0.20817%.

For the year ended June 30, 2021, the City recognized pension expense of \$280,950. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 6,183	\$ 64,908
Changes of assumptions	24,553	-
Net difference between projected and actual earnings on pension plan investments	337,554	55,562
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	83,290	-
<b>Total</b>	<b>\$ 451,580</b>	<b>\$ 120,470</b>

The \$83,290 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase/decrease of the net pension liability/asset in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ 34,627
2022	71,684
2023	92,287
2024	53,652
2025	(4,429)

**Actuarial Assumptions**-The total pension liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all prior periods included in the measurement:

- Inflation: 2.75%
- Salary increases: 3.5% to 12% average, including inflation
- Investment rate of return: 7.5% net of pension plan investment expense
- Cost-of-living adjustments: Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% (wage inflation).
- Mortality rates:
  - Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with fully generational improvement using Scale AA.
  - Active employees (post-retirement): RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.
  - Disabled pensioners: Blue Collar Healthy Combined table with age set forward 4 years.

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The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2012, to June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed income	4.79%
Domestic equity	5.74%
International equity	9.19%
Real estate	7.99%
Private Equity	10.20%
Commodities	3.50%

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

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability/(asset)	844,317	239,007	(272,957)

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

**Oklahoma Municipal Retirement Fund Defined Benefit Plan**

**Plan Description**-The City contributes to the OkMRF for all eligible employees except for those covered by the Police and Firefighter Pension Systems. The plan is an agent multiple employer - defined benefit plan administered by OkMRF. The OkMRF plan issues a separate financial report and can be obtained from OkMRF or from their website: [www.okmrf.org/reports.html](http://www.okmrf.org/reports.html). Benefits are established or amended by the City Council in accordance with O.S. Title 11, Section 48-101-102.

**Summary of Significant Accounting Policies**-For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's plan and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by OkMRF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on published market prices. Detailed information about the OkMRF plans' fiduciary net position is available in the separately issued OkMRF financial report.

**Eligibility Factors and Benefit Provisions**

<u>Provision</u>	<u>As of 07/01/20 OkMRF Plan</u>
a. Eligible to participate	Full-time employees of the City or BMA, except police, firefighters, and other employees covered under another approved system.
b. Contributions Requirement	
- Authorization	By City Ordinance
- Actuarially Determined	Yes
- Employer Rate	9.62%
- Employee Rate	4.50%
c. Period Required to Vest	5 years
d. Eligibility for Distribution	-Normal retirement at age 65 with 5 years of vesting service. -Early retirement at age 55 with 5 years or more of vesting. -Disability retirement upon disability with 5 years of service. -Death benefit with 5 years of vesting service, if married, 50% of accrued benefit payable to spouse until death or remarriage, if single, 50% of the accrued benefit is payable for 5 years certain.

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e. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 years of service
f. Benefit Determination Methods:	
Normal Retirement	-3% of final average salary multiplied by credited years of service
Early Retirement	-Actuarially reduced benefit based upon age, final average salary, and years of service at termination
Disability Retirement	-Same as normal retirement
Death Benefit	-50% of employees accrued benefit, but terminates upon spouse re-marriage or death -50% of employees accrued benefit for non-married employees for 5 years certain
Prior to Vesting	- Return of employee contributions
g. Benefit Authorization	-Benefits are established and amended by City Council adoption of an ordinance in accordance with O.S. Title 11, Section 48-101-102
h. Form of Benefit Payments	Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, option form based on actuarial equivalent.

**Employees Covered by Benefit**

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Active Employees	47
Deferred Vested Former Employees	8
Disabled	3
Retirees or Retiree Beneficiaries	25
Total	83

**Contribution Requirements**-The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 9.62% of covered payroll as of 7-1-20. For the year ended June 30, 2021 the City recognized \$187,876 of employer contributions to the plan based on covered payroll of \$1,935,771. Employees' contribution is 4.5% of covered payroll effective as of 7-1-20.

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**Actuarial Assumptions**

Date of Last Actuarial Valuation	July 1, 2021										
a. Actuarial cost method	Entry age normal										
b. Rate of Return on Investments and Discount Rate	7.50%										
c. Projected Salary Increase	Varies between 7.5% and 4.5% based on age										
d. Post Retirement Cost-of-Living Increase	None										
e. Inflation Rate	2.75%										
f. Mortality Table	UP 1994, with projected mortality improvement										
g. Percent of married employees	100%										
h. Spouse age difference	3 years (female spouses younger)										
i. Turnover	Select and ultimate rates Ultimate rates are age-related as shown Additional rates per thousand are Added during the first 5 years:  <table border="0" style="margin-left: 40px;"> <tr><td>Year 1:</td><td>225</td></tr> <tr><td>Year 2:</td><td>140</td></tr> <tr><td>Year 3:</td><td>100</td></tr> <tr><td>Year 4:</td><td>70</td></tr> <tr><td>Year 5:</td><td>40</td></tr> </table>	Year 1:	225	Year 2:	140	Year 3:	100	Year 4:	70	Year 5:	40
Year 1:	225										
Year 2:	140										
Year 3:	100										
Year 4:	70										
Year 5:	40										
j. Date of last experience study	September 2017 for fiscal years 2012 thru 2016										

**Discount Rate** – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.50% since the plan’s net fiduciary position is projected to be sufficient to make projected benefit payments.

The City has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges

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are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2020 are summarized in the following table:

	Target Allocation	Real Return	Weighted Return
Large cap stocks	25%	5.80%	1.45%
S&P 500			
Small/mid cap stocks	10%	6.40%	0.64%
Russell 2500			
Long/short equity	10%	5.00%	0.50%
MSCI ACWI			
International stocks	20%	6.20%	1.24%
MSCI EAFE			
Fixed income bonds	30%	2.30%	0.69%
Barclay's Capital Aggregate			
Real estate	5%	4.60%	0.23%
NCREIF			
Cash equivalents	0%	0.00%	0.00%
3 month Treasury			
	100%		
	Average Real Return		4.75%
	Inflation		2.75%
	Long term expected return		7.50%

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**Changes in Net Pension Liability**- The total pension liability was determined based on an actuarial valuation performed as of July 1, 2020 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2020 and the City's report ending date of June 30, 2021, that would have had a significant impact on the net pension liability. The following table reports the components of changes in net pension liability:

	<b>Total Pension Liability (a)</b>	<b>Plan Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Beginning of the year</b>	<b>\$ 6,282,903</b>	<b>\$ 6,163,881</b>	<b>\$ 119,022</b>
Charges for the year:			
Service cost	220,345	-	220,345
Interest	427,734	-	427,734
Differences between expected and actual experience	29,427	-	29,427
Changes in assumptions	-	-	-
Contributions - employer	-	192,268	(192,268)
Contributions - employee	-	84,575	(84,575)
Net investment income	-	217,985	(217,985)
Benefit payments, including refunds of employee contributions	(1,180,918)	(1,180,918)	-
Administrative expense	-	(12,254)	12,254
Net changes	<u>(503,412)</u>	<u>(698,344)</u>	<u>194,932</u>
<b>End of the year</b>	<b>\$ 5,779,491</b>	<b>\$ 5,465,537</b>	<b>\$ 313,954</b>

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**Sensitivity of the net pension liability to changes in the discount rate**-The following presents the net pension liability of the City, calculated using the discount rate of 7.50 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	<b>1% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
City's proportionate share of the net pension liability/(asset)	967,017	313,954	(230,084)

The City reported \$143,339 in pension expense for the year ended June 30, 2021. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 22,503	\$ 349,330
Changes of assumptions	97,472	-
Net difference between projected and actual earnings on pension plan investments	199,882	48,705
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	187,876	-
<b>Total</b>	<b>\$ 507,733</b>	<b>\$ 398,035</b>

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**Amortization of Pension Deferrals**- The \$187,876 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase/decrease of the net pension liability/asset in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:	
2022	(114,402)
2023	(65,299)
2024	57,679
2025	43,844

**Oklahoma Municipal Retirement Fund Defined Contribution Plan**

The City has also provided a defined contribution plan and trust known as the City of Blackwell Plan and Trust in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OkMRF). The defined contribution plan is available to all full-time employees not already participating in another plan. Benefits depend solely on amounts contributed to the plan plus investment earnings. Effective June 30, 2009, the City elected to not contribute to the plan, but employees can make voluntary contributions up to 10% of covered payroll. The authority to establish and amend the provisions of the plan rest with the City Council. Employees contributed \$49 to the plan for the year ended June 30, 2021.

**Oklahoma Municipal Retirement Fund City Manager Defined Contribution Plan**

The City also has a defined contribution plan and trust known as the City of Blackwell City Manager Retirement Plan and Trust (CMO Plan). The plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. According to state law, the authority for establishing or amending the plan's provisions and contribution requirements rests with the city council. This plan is available only to the City Manager. The city manager is eligible to participate upon employment and must contribute 7% to the plan. The employer contributes 13% to the plan each year. Contributions to the plan for the current fiscal year were \$9,049 (employer).

**14. Use of Estimates**

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

**15. Asset Retirement Obligation**

The City has incurred certain asset retirement obligations related to the operation of its wastewater utility system. The estimated liability of the legally required closure costs for the wastewater utility system cannot be reasonably estimated as of June 30, 2021, since the specific legally required costs of retirement have not yet been identified. The City anticipates identifying those specific legally required costs and obtaining an estimate of those costs in a subsequent fiscal year.

**DISCRETELY PRESENTED COMPONENT UNITS**

**Blackwell Economic Development Authority**

**1. Deposits**

*Custodial Credit Risk* – At June 30, 2021, the BEDA held deposits of \$3,583 at a financial institution. The BEDA's cash deposit is required to be covered by FDIC or direct obligation of the U.S. Government insured or collateralized with securities held by the Authority or by its agent in the BEDA's name. At June 30, 2021, the BEDA had sufficient FDIC coverage for its deposit.

**2. Capital Assets**

The BEDA has a capitalization threshold of \$500. Additions to buildings and equipment are recorded at cost, or if contributed, at their estimated acquisition value at time of contribution. The BEDA held land in the amount of \$108,469. \$108,469 was purchased in fiscal year 2018. No depreciable assets were owned by the BEDA.

**Blackwell Industrial Authority**

**1. Deposits and Investments**

Oklahoma Statutes authorize the BIA to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the BIA can invest in debt securities of the United States unless law expressly prohibits such an investment.

*Custodial Credit Risk*

At June 30, 2021, the Authority held deposits of \$354,898 at financial institutions. The BIA's cash deposits, including interest-bearing certificates of deposit are entirely covered by FDIC.

*Investment Interest Rate Risk*

The BIA does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturities of certificates of deposits are listed in the schedule below.

*Investment Credit Risk and Concentration of Investment Credit Risk*

The BIA only invests in certificates of deposit and real estate which are allowed by state law. The real estate is used to produce income to be used to further economic development within the Blackwell area. The following is a list of these investments:

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<u>Investment Type</u>	<u>Maturity Date</u>	<u>Fair Value</u>	<u>Fair Value Input</u>
Certificates of deposit	Mature in 14 months	\$ 323,058	N/A
Real estate	N/A	2,485,660	Level 3*

\*Accounting guidance establishes a consistent framework for measuring fair value and establishes a fair value hierarchy based on the observability of inputs used to measure fair value. These different levels of valuation hierarchy are described as follows;

Level 1 – Quoted prices in active markets for identical assets or liabilities

Level 2 – Quoted prices for similar assets or liabilities in active markets or inputs in other than quoted prices that are observable.

Level 3 – Significant unobservable prices or inputs

## 2. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## 3. Lease Receivable

The BIA entered into a lease agreement with Blackwell Northern Gateway Railroad Company in November 2005 which was renewed effective December 2015 for the operation and maintenance of certain railroad lines owned by BIA. The lease agreement is for a term of 20 years, terminating in November 2025. The rent is at the rate of 6% of revenues generated from rail operations on the leased property. The rent income for fiscal year 2021 was \$43,071. However, the rent was not paid and was added to the lease receivable balance of prior unpaid rent. The following shows the balance of unpaid rent and the allowance for doubtful accounts.

	<u>Beginning Balance</u>	<u>Current Unpaid Rent</u>	<u>Ending Balance</u>
Blackwell Northern Gateway Railroad	\$ 152,077	\$ 43,071	\$ 195,148
Less Allowance for Doubtful Accounts	(152,077)	(43,071)	(195,148)
<b>Net Lease Receivable</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## 4. Capital Assets

Additions to the buildings and equipment are recorded at cost or, if contributed property, at their estimated acquisition value at time of contribution. The BIA maintains a capitalization threshold of \$500.

Depreciation for major movable equipment and building and improvements is computed on the straight-line method over useful lives of 7-10 years for furniture and equipment and 50 years for improvements.

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The following is a summary of changes in capital assets:

	Balance July 1, 2020	Additions	Disposals	Balance June 30, 2021
Furniture and Equipment	\$ 29,188	\$ -	\$ -	\$ 29,188
Buildings	-	175,000	-	175,000
Improvements	513,746	-	-	513,746
Total depreciable assets	<u>542,934</u>	<u>175,000</u>	<u>-</u>	<u>717,934</u>
Less accumulated depreciation:	<u>(208,760)</u>	<u>(13,578)</u>	<u>-</u>	<u>(222,338)</u>
Net BIA capital assets	<u>\$ 334,174</u>	<u>\$ 161,422</u>	<u>\$ -</u>	<u>\$ 495,596</u>

## 5. Long-Term Debt

### *Direct Borrowings*

The following is a summary of changes in long-term debt:

Note payable to RCB Bank, dated November 6, 2012 in the amount of \$266,874, payable over 15 years at an interest rate of 4%. Proceeds were used to purchase economic development property investment; collateralized with mortgage on property; in the event of default, the lender has right of setoff with all accounts of BIA at RCB Bank; accelerate indebtedness; transfer title of collateral; obtain judgment for any remaining debt; collect rent on mortgaged property	\$ 132,245
Note payable to RCB Bank, dated September 23, 2016 in the amount of \$652,000, payable over 10 years at an interest rate of 4.25%. Proceeds were used for construction of economic development property investment; collateralized with mortgage on property and assignment of all rents; in the event of default, lender may accelerate indebtedness, apply all funds in lender's bank, transfer title of collateral, obtain judgment for any remaining debt; collect rent on mortgaged property	376,809
Note payable to RCB Bank, dated September 24, 2020 in the amount of \$340,000, payable over 10 years at an interest rate of 4.25%. Proceeds were used for construction of economic development property investment; collateralized with mortgage on property and assignment of all rents; in the event of default, lender may accelerate indebtedness, apply all funds in lender's bank, transfer title of collateral, obtain judgment for any remaining debt; collect rent on mortgaged property	<u>326,855</u>
Total long-term debt	<u>\$ 835,909</u>
Current portion	102,354
Noncurrent portion	733,555
Total long-term debt	<u>\$ 835,909</u>

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The annual debt service requirements to maturity for long-term debt are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 102,354	\$ 31,646	\$ 134,000
2023	106,576	27,354	133,930
2024	111,048	22,882	133,930
2025	115,708	18,222	133,930
2026	120,564	13,366	133,930
2027-2031	165,826	33,388	199,214
2032-2036	113,833	7,788	121,621
	<u>\$ 835,909</u>	<u>\$ 154,646</u>	<u>\$ 990,555</u>

## 6. Risk Management

The BIA is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; employee health benefits; unemployment; and natural disasters. The BIA purchases commercial insurance to cover these and other risks, including property damage. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

### Blackwell/Tonkawa Airport Authority

#### 1. Deposits and Investments

	Balance Outstanding July 1, 2020	Issued	Retired	Balance Outstanding June 30, 2021	Amounts Due Within One Year
Direct borrowings	\$ 591,176	\$ 340,000	\$ (95,267)	\$ 835,909	\$ 102,354
Total BIA long-term debt	<u>\$ 591,176</u>	<u>\$ 340,000</u>	<u>\$ (95,267)</u>	<u>\$ 835,909</u>	<u>\$ 102,354</u>

*Custodial Credit Risk* – At June 30, 2021, the BTAA held deposits of \$138,070 at financial institutions. The BTAA's cash deposits, including interest bearing certificates of deposit are entirely covered by FDIC.

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

Certificates of deposit: Weighted average maturity of 6.6 months Cost/Market of \$77,869

## 2. Capital Assets

Additions to the buildings and equipment are recorded at cost or if contributed, at their estimated acquisition value at time of contribution. The BTAA has a capitalization threshold of \$500.

Depreciation for major moveable equipment and building and improvements is computed on the straight-line method over useful lives of 40 years for buildings and runway improvements and 7- 10 years for furniture and equipment.

	Balance July 1, 2020	Additions	Disposals	Balance June 30, 2021
Land	\$ 667,614	\$ -	\$ -	\$ 667,614
Construction in process	306,256	-	306,256	-
Buildings and improvements	4,167,860	333,818	-	4,501,678
Machinery and equipment	68,353	1,494	-	69,847
Total assets	<u>5,210,083</u>	<u>335,312</u>	<u>306,256</u>	<u>5,239,139</u>
Less accumulated depreciation:	<u>(2,259,437)</u>	<u>(134,791)</u>	<u>-</u>	<u>(2,394,228)</u>
Net Airport Trust capital assets	<u>\$ 2,950,646</u>	<u>\$ 200,521</u>	<u>\$ 306,256</u>	<u>\$ 2,844,911</u>

## 3. Long-Term Debt

### *Direct Borrowing*

Note payable to Kay Electric Cooperative, dated November 30, 2011, in the Original amount of \$180,000, payable in 120 monthly installments of \$1,334 at 0% interest; proceeds were used to construct hangar building; the note is collateralized with mortgaged property; in the event of default the debt may become immediately due and payable; the collateral may be sold, assigned, or transferred to lender

\$6,590

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The following is a summary of long-term debt transactions:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2021</u>	<u>Amount Due in One Year</u>
Note payable/direct borrowing	\$ 22,598	\$ -	\$ 16,008	\$ 6,590	\$ 6,590

The annual debt service requirements to maturity are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 6,590	-	\$ 6,590

#### 4. Risk Management

The BTAA is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; employee health benefits; unemployment; and natural disasters. The BTAA purchases commercial insurance to cover these and other risks, including property damage. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

#### **Blackwell Hospital Trust Authority**

##### **Nature of Operations and Summary of Significant Accounting Policies**

###### **Nature of Operations**

Blackwell Hospital Trust Authority d/b/a Blackwell Regional Hospital (the Authority) is a public trust and an agency of the state of Oklahoma. The Authority is a component unit of the City of Blackwell, Oklahoma (the City), as the Blackwell City Council appoints the majority of the members of the Board of Trustees of the Authority. The Authority operates, as its sole activity, Blackwell Regional Hospital under the terms of a trust indenture originally dated July 1, 1985. Effective September 3, 2016, the Authority began earning revenue primarily by providing inpatient, outpatient, and emergency care services to patients in Blackwell, Oklahoma, and surrounding communities. The Authority also operates a physician clinic in the same geographic area.

The accompanying financial statements include the accounts of the Authority and its blended component unit, BHTA Holdings, Inc. (Holdings). The entity is a blended component unit as it is an entity for which the Authority is considered to be financially accountable. Holdings is a corporation organized in November 2019 to own, hold, and manage real and personal property. Separate financial statements for Holdings can be obtained by contacting the Authority's administrative office.

###### **Basis of Accounting Presentation**

The accompanying financial statements of the Authority have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses,

assets, and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally, federal and state grants and county appropriations) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government mandated or voluntary nonexchange transactions that are not program-specific (such as county appropriations), property taxes, investment income, and interest on capital asset-related debt are included in nonoperating revenues and expenses. The Authority first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Authority considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2020, cash equivalents consisted of money market accounts.

**Capital Assets**

Capital assets are recorded at cost at the date of acquisition or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

The following estimated useful lives are being used by the Authority:

Buildings	40 years
Major moveable and fixed equipment	3–13 years

**Capital Asset Impairment**

The Authority evaluates capital assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital asset has occurred. If a capital asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, accumulated depreciation is increased by the amount of the impairment loss.

No asset impairment was recognized during the years ended December 31, 2020.

**Deferred Outflows of Resources**

The Authority reports the consumption of net position that is applicable to a future reporting period as deferred outflows of resources in a separate section of its balance sheet.

The Authority is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. The Authority did not have any settled claims for this commercial coverage in any of the three preceding years.

Effective April 1, 2018, the Authority is self-insured for a portion of its exposure to the risk of loss from employee health claims. Annual estimated provisions are accrued for the self-insured portion of these claims and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

**Net Position**

Net position of the Authority is classified in two components. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets.

**Income Taxes**

As an essential government function of the City, the Authority is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law. However, the Authority is subject to federal income tax on any unrelated business taxable income.

**City Appropriations**

Effective October 1, 2016, the citizens of the City approved a 1% sales tax for the operations of the Authority for a five-year term. During 2019, the citizens of the City approved an extension of this sales tax through 2046. The City collects the sales tax and remits it monthly to the Authority. The Authority received approximately 57% of its financial support from city appropriations related to the sales tax during 2020. Revenue from city appropriations is recognized in the period in which the sales tax is earned.

**Note 2:     Deposits**

Custodial credit risk is the risk that in the event of a bank failure a government's deposits may not be returned to it. The Authority's deposit policy for custodial credit risk requires compliance with the provisions of state law, which requires the collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts.

At December 31, 2020, \$11,677,446 of the Authority's bank balances of \$12,177,446, were exposed to custodial credit risk.

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**Note 3: Capital Assets**

Capital asset activity for the years ended December 31, 2020 was:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
Land	\$ 69,794	\$ -	\$ -	\$ 69,794
Buildings	1,963,385	-	-	1,963,385
Medical equipment	787,221	23,757	-	810,978
Furniture and equipment	20,796	116,512	-	137,308
Construction in progress	454,478	6,900,361	-	7,354,839
	<u>3,295,674</u>	<u>7,040,630</u>	-	<u>10,336,304</u>
Less accumulated depreciation	<u>(1,346,488)</u>	<u>(152,641)</u>	-	<u>(1,499,129)</u>
Capital assets, net	<u>\$ 1,949,186</u>	<u>\$ 6,887,989</u>	<u>\$ -</u>	<u>\$ 8,837,175</u>

**Note 4: Long-Term Obligations**

The following is a summary of long-term obligation transactions for the Authority for the years ended December 31, 2020:

	<b>Beginning Balance</b>	<b>Deductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Note payable, bank (a)	\$ 17,700,000	\$ 364,144	\$ 17,335,856	\$ 384,487
Note payable, third party (b)	17,782,500	-	17,782,500	-
Note payable, third party (c)	6,467,500	-	6,467,500	-
Capital assets, net	<u>\$ 41,950,000</u>	<u>\$ 364,144</u>	<u>\$ 41,585,856</u>	<u>\$ 384,487</u>

**Holdings Notes Payable to Third Party**

Holdings entered into two notes payable with REI Subsidiary CDE20, LLC (the Lender) with principal balances of (b) \$17,782,500 and (c) \$6,467,500. These notes financed the acquisition of certain building improvements, which are to be leased to Stillwater Medical Center Authority (SMCA) upon completion of acquisition and construction. The notes are secured by certain capital assets. Both notes (b) and (c) are due December 2049, with interest at 1.00%. Interest only payments payable quarterly through December 2026. Commencing December 2026, payments will be made in quarterly installments of principal and interest in amounts sufficient to fully amortize the principal balance of the loans as of the maturity date.

Debt future maturities as of December 31, 2020, are as follows:

		<b>Principal</b>
2021	\$	384,487
2022		403,418
2023		423,281
2024		441,926
2025		465,881
Thereafter		39,466,863
	\$	41,585,856

**Note 5: Note Receivable**

The following is a summary of note receivable transactions for the Authority for the year ended December 31, 2020:

	<b>Beginning</b>		<b>Additions</b>		<b>Deletions</b>		<b>Ending</b>		<b>Current</b>
Note receivable from third party	\$ <u>17,782,500</u>	\$	-	\$	-	\$	<u>17,782,500</u>	\$	-

As a component of the NMTC financing transaction, the Authority loaned \$17,782,500 to BF Blackwell Investment Fund, (the Investment Fund). This balance is included as note receivable on the accompanying balance sheets. The note receivable is effective December 2019, matures December 2044, and bears interest at 1.36%. The note receivable is payable in quarterly interest installments through December 2026. Commencing December 2026, payments will be made in quarterly installments of principal and interest in amounts sufficient to fully amortize the principal balance of the loans as of the maturity date.

Payments to be received on the note receivable as of December 31, 2020, are as follows:

	<b>Payment</b>		<b>Principal</b>		<b>Interest</b>
2021	\$ 245,832	\$	-	\$	245,832
2022	245,832		-		245,832
2023	245,832		-		245,832
2024	246,505		-		246,505
2025	245,832		-		245,832
Thereafter	20,355,465		17,782,500		2,572,965
	<u>\$ 21,585,298</u>	<u>\$</u>	<u>17,782,500</u>	<u>\$</u>	<u>3,802,798</u>

**Note 6: Contingencies**

**Litigation**

In the normal course of business, the Authority is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Authority's commercial insurance, for example, allegations regarding employment practices or performance of contracts. The Authority evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

**Note 7:        Operations Agreement**

Effective January 1, 2020, the Authority entered into an agreement with SMCA to lease facility and all the operations for Blackwell Regional Hospital. The initial term of the lease is seven years. The agreement specifies rent to be calculated based on the Operating Margin SMCA receives from its operation of the property in excess of 5% per annum for the year measured on a cumulative basis over the term of the lease will be paid by SMCA to the authority as rent, not to exceed \$240,000 per year. A reserve of \$1,300,000 has been paid to SMCA for the anticipated operating losses to be incurred prior to the completion of the new facility. If losses exceed the reserve, SMCA has the right to setoff against any rent due amounts paid by SMCA in excess of the reserve up to \$750,000. As of December 31, 2020, no rental revenue has been earned based on the operating margin of SMCA and payments made by SMCA are not in excess of reserve.

**Note 8:        New Markets Tax Credit Transaction**

On December 27, 2019, the Authority entered into a NMTC financing transaction to fund construction of a new hospital building. The NMTC program is designed to spur new or increased investments into operating businesses and real estate projects located in low-income communities by offering investors a federal tax credit in exchange for the investments. To earn the tax credit, the NMTC investor must remain invested for a seven-year period, which will end in 2026 for the Authority's project. As part of this financing arrangement, the Authority took out notes payable from the NMTC investor, BancFirst, in the amount of \$22,320,862. The Authority then issued a \$17,782,500 note receivable to the Investment Fund. See Note 5 for additional information. The Investment Fund in turn made an investment in the Lender and holds a 99.99% investor member interest in the Lender. The Lender made loans totaling \$24,250,000 to the Authority's project. See Note 8 for additional information. As part of this financing arrangement, the Authority entered into a put/call agreement to take place at the end of the seven-year tax credit period. At the end of the seven-year term, a put/call agreement may be exercised whereby BancFirst's interest in the Investment Fund is sold to the Authority under terms defined in the put/call agreement.

As a component of the NMTC financing transaction, the Authority contributed \$5,048,445 to the Blackwell Facilities Authority.

**CITY OF BLACKWELL**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BUDGETARY BASIS) AND ACTUAL**  
**GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2021**

**GENERAL FUND**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>Revenues:</b>				
Charges for services	\$ 427,500	\$ 427,500	\$ 1,751,502	\$ 1,324,002
Licenses and permits	17,260	17,260	556,074	538,814
Interest	1,750	1,750	642,964	641,214
Franchise fees	-	-	128,351	128,351
Intergovernmental programs	-	-	34,042	34,042
Fines and forfeits	1,580	1,580	20,018	18,438
Miscellaneous revenue	320,160	329,460	4,692	(324,768)
Taxes	1,197,900	1,672,000	4,360	(1,667,640)
Rents and leases	5,500	5,500	204,564	199,064
<b>Total revenues</b>	<u>1,971,650</u>	<u>2,455,050</u>	<u>3,346,567</u>	<u>891,517</u>
<b>Expenditures:</b>				
Current:				
General government	963,104	1,066,104	1,095,264	(29,160)
Public safety	3,346,772	3,500,972	3,364,651	136,321
Highways, roads, & airport	509,757	581,057	618,125	(37,068)
Cultural & recreational	323,473	432,873	423,174	9,699
<b>Total expenditures</b>	<u>5,143,106</u>	<u>5,581,006</u>	<u>5,501,214</u>	<u>79,792</u>
<b>Excess of revenue over (under) expenditures</b>	(3,171,456)	(3,125,956)	(2,154,647)	971,309
<b>Other financing sources (uses):</b>				
Operating transfers in (out)	3,456,456	2,990,376	3,065,187	74,811
<b>Total other financing sources</b>	<u>3,456,456</u>	<u>2,990,376</u>	<u>3,065,187</u>	<u>74,811</u>
<b>Net changes in fund balance</b>	285,000	(135,580)	910,540	
<b>Fund balance at beginning of year (Non-GAAP budgetary basis)</b>			<u>2,733,333</u>	
<b>Fund balance at end of year (Non-GAAP budgetary basis)</b>			<u>\$ 3,643,873</u>	
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES				
Transfer and expense accruals, net			(65,912)	
<b>Fund balance at end of year (GAAP basis)</b>			<u>\$ 3,577,961</u>	

The Notes to Budgetary Comparison Schedules are an integral part of this statement.

**Footnotes to Budgetary Comparison Schedules:**

1. The budgetary comparison schedule is reported on a non-GAAP budgetary basis that reports revenues and expenditures on a cash basis. For budgetary purposes expenditures are recorded in the period when paid and revenues are recorded in the period received.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require the approved of the City Manager. All supplemental appropriations require the approval of the City Council. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.

**Schedules of Required Supplementary Information**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**Oklahoma Police Pension Retirement Plan**  
 Year Ended June 30, 2021

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>
City's portion of the net pension liability (asset)	0.2381%	0.2233%	0.2407%	0.2248%	0.2412%	0.2123%	0.2081%
City's proportionate share of the net pension liability (asset)	\$ (80,156)	\$ 9,105	\$ 368,649	\$ 17,290	\$ (114,892)	\$ (13,556)	\$ 239,007
City's covered-employee payroll	\$ 874,780	\$ 896,650	\$ 884,042	\$ 809,997	\$ 735,708	\$ 685,854	\$ 648,174
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-9%	1%	42%	2%	-16%	-2%	37%
Plan fiduciary net position as a percentage of the total pension liability	133.35%	99.60%	99.76%	99.99%	105.07%	100.01%	95.80%

\* The amount presented for each fiscal year were determined as of the fiscal year-end that occurred previous

**SCHEDULE OF CITY CONTRIBUTIONS**  
**Oklahoma Police Pension Retirement Plan**

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>
Contractually required contribution	\$ 86,583	\$ 82,059	\$ 92,288	\$ 59,169	\$ 89,161	\$ 90,797	\$ 83,290
Contributions in relation to the contractually required contribution	(86,583)	(82,059)	(92,288)	(59,169)	(89,161)	(90,797)	(83,290)
Contribution deficiency (excess)	<u>\$ -</u>						
City's covered-employee payroll	\$ 874,780	\$ 896,650	\$ 884,042	\$ 809,997	\$ 735,708	\$ 685,854	\$ 648,174
Contributions as a percentage of covered-employee payroll	9.90%	9.15%	10.44%	7.30%	12.12%	13.24%	12.85%

**Schedules of Required Supplementary Information**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**Oklahoma Fire Pension Retirement Plan**  
 Year Ended June 30, 2021

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>
City's portion of the net pension liability (asset)	0.2446%	0.2572%	0.2841%	0.2597%	0.2671%	2.5490%	0.5000%
City's proportionate share of the net pension liability (asset)	\$ 2,515,613	\$ 2,730,336	\$ 3,470,479	\$ 3,266,737	\$ 3,006,624	\$ 2,693,019	\$ 3,143,191
City's covered-employee payroll	\$ 730,622	\$ 811,824	\$ 818,153	\$ 849,775	\$ 794,414	\$ 775,921	\$ 822,418
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	344%	336%	424%	384%	378%	347%	382%
Plan fiduciary net position as a percentage of the total pension liability	-1849.75%	97.88%	99.72%	99.73%	70.73%	72.85%	69.98%

\* The amount presented for each fiscal year were determined as of the fiscal year-end that occurred previous

**SCHEDULE OF CITY CONTRIBUTIONS**  
**Oklahoma Fire Pension Retirement Plan**

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>
Contractually required contribution	\$ 91,429	\$ 98,397	\$ 111,243	\$ 111,218	\$ 108,629	\$ 115,669	\$ 117,139
Contributions in relation to the contractually required contribution	<u>(91,429)</u>	<u>(98,397)</u>	<u>(111,243)</u>	<u>(111,218)</u>	<u>(108,629)</u>	<u>(115,669)</u>	<u>(117,139)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 730,622	\$ 811,824	\$ 818,153	\$ 849,775	\$ 794,414	\$ 775,921	\$ 822,418
Contributions as a percentage of covered-employee payroll	12.51%	12.12%	13.60%	13.09%	13.67%	14.91%	14.24%

Schedules of Required Supplementary Information

**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS**  
**Oklahoma Municipal Retirement Plan**  
Year Ended June 30, 2021

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>
<b>Total pension liability</b>							
Service cost	\$ 134,361	\$ 146,421	\$ 179,082	\$ 266,266	\$ 279,488	\$ 267,822	\$ 220,345
Interest	398,768	399,619	423,721	460,908	483,042	475,462	427,734
Changes in benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	-	23,851	159,780	(52,315)	(224,008)	(529,499)	29,427
Changes in assumptions	-	-	-	202,066	-	146,049	-
Benefit payments, including refunds of employee contributions	(516,390)	(254,280)	(263,699)	(302,515)	(467,438)	(818,064)	(1,180,918)
<b>Net change in total pension liability</b>	\$ 16,739	\$ 315,611	\$ 498,884	\$ 574,410	\$ 71,084	\$ (458,230)	\$ (503,412)
<b>Total pension liability - beginning</b>	<u>5,264,405</u>	<u>5,281,144</u>	<u>5,596,755</u>	<u>6,095,639</u>	<u>6,670,049</u>	<u>6,741,133</u>	<u>6,282,903</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 5,281,144</u>	<u>\$ 5,596,755</u>	<u>\$ 6,095,639</u>	<u>\$ 6,670,049</u>	<u>\$ 6,741,133</u>	<u>\$ 6,282,903</u>	<u>\$ 5,779,491</u>
<b>Plan fiduciary net position</b>							
Contributions - employer	175,365	189,963	294,674	273,110	264,181	206,927	192,268
Contributions - employee	56,529	64,565	93,251	99,999	100,576	80,901	84,575
Net investment income	729,540	139,235	49,355	654,067	430,627	409,109	217,985
Benefit payments, including refunds of employee contributions	(516,390)	(254,280)	(263,699)	(302,515)	(467,438)	(818,064)	(1,180,918)
Administrative expense	(10,688)	(10,322)	(10,154)	(11,413)	(12,134)	(12,280)	(12,254)
Other	-	-	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	434,356	129,161	163,427	713,248	315,812	(133,407)	(698,344)
<b>Plan fiduciary net position - beginning</b>	<u>4,541,284</u>	<u>4,975,640</u>	<u>5,104,801</u>	<u>5,268,228</u>	<u>5,981,476</u>	<u>6,297,288</u>	<u>6,163,881</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 4,975,640</u>	<u>\$ 5,104,801</u>	<u>\$ 5,268,228</u>	<u>\$ 5,981,476</u>	<u>\$ 6,297,288</u>	<u>\$ 6,163,881</u>	<u>\$ 5,465,537</u>
<b>City's net pension liability - ending (a) - (b)</b>	<u>\$ 305,504</u>	<u>\$ 491,954</u>	<u>\$ 827,411</u>	<u>\$ 688,573</u>	<u>\$ 443,845</u>	<u>\$ 119,022</u>	<u>\$ 313,954</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	94.22%	91.21%	86.43%	89.68%	93.42%	98.11%	94.57%
<b>Covered-employee payroll</b>	\$ 1,184,601	\$ 1,465,011	\$ 2,029,337	\$ 2,172,167	\$ 2,117,426	\$ 1,676,496	\$ 1,835,992
<b>City's net pension liability as a percentage of covered-employee payroll</b>	25.79%	33.58%	40.77%	31.70%	20.96%	7.10%	17.10%

Schedules of Required Supplementary Information

**SCHEDULE OF CITY CONTRIBUTIONS**  
**Oklahoma Municipal Retirement Plan**  
Year Ended June 30, 2021

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>
Actuarially determined contribution	\$ 175,365	\$ 189,963	\$ 294,674	\$ 273,110	\$ 264,181	\$ 192,268	\$ 187,876
Contributions in relation to the actuarially determined contribution	(175,365)	(189,963)	(294,674)	(273,110)	(264,181)	(192,268)	(187,876)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,184,601	\$ 1,465,011	\$ 2,029,337	\$ 2,172,167	\$ 2,117,426	\$ 1,676,496	\$ 1,835,992
Contributions as a percentage of covered-employee payroll	14.80%	12.97%	14.52%	12.57%	12.48%	11.47%	10.23%

**Schedules of Required Supplementary Information**

**SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS**

Year Ended June 30, 2021

	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>
<b>Total OPEB liability</b>			
Service cost	\$ 121,506	\$ 121,506	\$ 121,506
Interest	23,439	35,628	25,573
Differences between expected and actual experience	-	-	(313,897)
Changes in assumptions	-	177,946	(130,364)
Benefit payments, including refunds of member contributions	<u>(10,333)</u>	<u>(10,333)</u>	<u>(16,116)</u>
<b>Net change in total OPEB liability</b>	134,612	324,747	(313,298)
<b>Total OPEB liability - beginning</b>	674,839	809,451	1,134,198
<b>Total OPEB liability - ending (a)</b>	<u>\$ 809,451</u>	<u>\$ 1,134,198</u>	<u>\$ 820,900</u>
<b>Covered-employee payroll</b>	3,010,640	3,010,640	3,621,688
<b>City's OPEB liability as a percentage of covered-member payroll</b>	26.9%	37.7%	22.7%

Only three years are presented because 10 year data is not yet available.

CITY OF BLACKWELL  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 June 30, 2021

	Special Revenue						
	Motel Tax Fund	E-911 Fund	Alcohol Education & Prevention Fund	Envrionmental Clean-up Fund	Firefighters Grant Fund	Steve Levalley Memorial Fund	Police Federal Forfeiture Fund
<b>Assets:</b>							
Cash and equivalents	\$ 222,120	\$ 218,528	\$ 11,269	\$ 61,789	\$ 8,832	\$ 9,947	\$ 30,705
Investments	-	55,928	-	-	-	-	-
Accounts receivable, net	19,871	11,315	-	-	-	-	-
Taxes receivable	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 241,991</u>	<u>\$ 285,771</u>	<u>\$ 11,269</u>	<u>\$ 61,789</u>	<u>\$ 8,832</u>	<u>\$ 9,947</u>	<u>\$ 30,705</u>
<b>Liabilities:</b>							
Accounts payable	\$ 2,000	\$ 4,539	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll liabilities	799	-	-	-	-	-	-
<b>Total liabilities</b>	<u>2,799</u>	<u>4,539</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>							
Restricted	239,192	-	-	61,789	8,832	-	30,705
Committed	-	-	11,269	-	-	9,947	-
Assigned	-	281,232	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>Total fund balances</b>	<u>239,192</u>	<u>281,232</u>	<u>11,269</u>	<u>61,789</u>	<u>8,832</u>	<u>9,947</u>	<u>30,705</u>
<b>Total liabilities and fund balances</b>	<u>\$ 241,991</u>	<u>\$ 285,771</u>	<u>\$ 11,269</u>	<u>\$ 61,789</u>	<u>\$ 8,832</u>	<u>\$ 9,947</u>	<u>\$ 30,705</u>

**CITY OF BLACKWELL  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
June 30, 2021**

	<u>Special Revenue</u>		<u>Capital Projects</u>		<b>Total Non-Major Governmental Funds</b>
	<b>Recreation Sales Tax Fund</b>	<b>Blackwell Public Trust Allocation Fund</b>	<b>CDBG Fund</b>	<b>Sales Tax Capital Improvement</b>	
<b>Assets:</b>					
Cash and equivalents	\$ 608,703	\$ 3,043,965	\$ 9,323	\$ -	\$ 4,225,181
Investments	73,450	-	-	673,994	803,372
Accounts receivable, net	-	-	-	-	31,186
Taxes receivable	66,573	-	-	-	66,573
Interest receivable	-	-	-	-	-
<b>Total assets</b>	<b>\$ 748,726</b>	<b>\$ 3,043,965</b>	<b>\$ 9,323</b>	<b>\$ 673,994</b>	<b>\$ 5,126,312</b>
<b>Liabilities:</b>					
Accounts payable	\$ 241	\$ 145,824	\$ -	\$ -	\$ 152,604
Payroll liabilities	-	-	-	-	799
<b>Total liabilities</b>	<b>241</b>	<b>145,824</b>	<b>-</b>	<b>-</b>	<b>153,403</b>
<b>Fund balances:</b>					
Restricted	748,485	2,898,141	9,323	673,994	4,670,461
Committed	-	-	-	-	21,216
Assigned	-	-	-	-	281,232
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>748,485</b>	<b>2,898,141</b>	<b>9,323</b>	<b>673,994</b>	<b>4,972,909</b>
<b>Total liabilities and fund balances</b>	<b>\$ 748,726</b>	<b>\$ 3,043,965</b>	<b>\$ 9,323</b>	<b>\$ 673,994</b>	<b>\$ 5,126,312</b>

**CITY OF BLACKWELL**  
**COMBINING STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCES -**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2021**

	<b>Special Revenue</b>						
	<b>Motel Tax Fund</b>	<b>E-911 Fund</b>	<b>Alcohol Education &amp; Prevention Fund</b>	<b>Envrionmental Clean-up Fund</b>	<b>Firefighters Grant Fund</b>	<b>Steve Levalley Memorial Fund</b>	<b>Police Federal Forfeiture Fund</b>
<b>Revenues:</b>							
Taxes	\$ 210,620	\$ 93,215	\$ 1,571	\$ -	\$ -	\$ -	\$ -
Intergovernmental programs	-	-	-	-	30,727	-	-
Interest	-	139	5	35	5	5	18
Miscellaneous	-	-	-	-	-	-	-
Proceeds from debt issuance	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>\$ 210,620</b>	<b>\$ 93,354</b>	<b>\$ 1,576</b>	<b>\$ 35</b>	<b>\$ 30,732</b>	<b>\$ 5</b>	<b>\$ 18</b>
<b>Expenditures:</b>							
Economic development	\$ 114,292	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General government	-	-	-	-	-	-	-
Public safety	-	54,446	-	-	10,957	-	-
Highways, roads & airport	-	-	-	-	-	-	-
Cultural & recreation	-	-	-	-	-	-	-
Operations	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	14,282	-	-
<b>Total expenditures</b>	<b>114,292</b>	<b>54,446</b>	<b>-</b>	<b>-</b>	<b>25,239</b>	<b>-</b>	<b>-</b>
<b>Excess of revenues over (under) expenditures</b>	<b>96,328</b>	<b>38,908</b>	<b>1,576</b>	<b>35</b>	<b>5,493</b>	<b>5</b>	<b>18</b>
<b>Other financing uses:</b>							
Operating transfers in (out)	-	-	1,661	-	-	-	-
<b>Excess of revenues over (under) expenditures &amp; transfers</b>	<b>96,328</b>	<b>38,908</b>	<b>3,237</b>	<b>35</b>	<b>5,493</b>	<b>5</b>	<b>18</b>
<b>Fund balance-beginning of year</b>	<b>142,864</b>	<b>\$ 242,324</b>	<b>\$ 8,032</b>	<b>\$ 61,754</b>	<b>\$ 3,339</b>	<b>\$ 9,942</b>	<b>\$ 30,687</b>
<b>Fund balance-end of year</b>	<b>\$ 239,192</b>	<b>\$ 281,232</b>	<b>\$ 11,269</b>	<b>\$ 61,789</b>	<b>\$ 8,832</b>	<b>\$ 9,947</b>	<b>\$ 30,705</b>

**CITY OF BLACKWELL**  
**COMBIN COMBINING STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCES -**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2021**

	<u>Special Revenue</u>		<u>Capital Projects</u>		<b>Total Non-Major Governmental Funds</b>
	<b>Recreation Sales Tax Fund</b>	<b>Blackwell Public Trust Allocation Fund</b>	<b>CDBG Fund</b>	<b>Sales Tax Capital Improvement</b>	
<b>Revenues:</b>					
Taxes	\$ 377,846	\$ -	\$ -	\$ -	\$ 683,252
Intergovernmental programs	-	-	-	-	30,727
Interest	248	1,802	5	393	2,655
Miscellaneous	-	-	-	-	-
Proceeds from debt issuance	-	-	-	-	-
<b>Total revenues</b>	<b>\$ 378,094</b>	<b>\$ 1,802</b>	<b>\$ 5</b>	<b>\$ 393</b>	<b>\$ 716,634</b>
<b>Expenditures:</b>					
Economic development	\$ -	\$ 44,627	\$ -	\$ -	\$ 158,919
General government	-	-	-	-	-
Public safety	-	-	-	-	65,403
Highways, roads & airport	-	28,420	-	-	28,420
Cultural & recreation	16,540	-	-	-	16,540
Operations	-	-	-	-	-
Debt service:					
Principal	117,841	-	-	-	117,841
Interest expense	9,722	-	-	-	9,722
Capital outlay	174,042	421,281	-	-	609,605
<b>Total expenditures</b>	<b>318,145</b>	<b>494,328</b>	<b>-</b>	<b>-</b>	<b>1,006,450</b>
<b>Excess of revenues over (under) expenditures</b>	<b>59,949</b>	<b>(492,526)</b>	<b>5</b>	<b>393</b>	<b>(289,816)</b>
<b>Other financing uses:</b>					
Operating transfers in (out)	(100,858)	1,301,869	-	-	1,202,672
<b>Excess of revenues over (under) expenditures &amp; transfers</b>	<b>(40,909)</b>	<b>809,343</b>	<b>5</b>	<b>393</b>	<b>912,856</b>
<b>Fund balance-beginning of year</b>	<b>\$ 789,394</b>	<b>\$ 2,088,798</b>	<b>\$ 9,318</b>	<b>\$ 673,601</b>	<b>\$ 4,060,053</b>
<b>Fund balance-end of year</b>	<b>\$ 748,485</b>	<b>\$ 2,898,141</b>	<b>\$ 9,323</b>	<b>\$ 673,994</b>	<b>\$ 4,972,909</b>

**CITY OF BLACKWELL  
COMBINING BALANCE SHEET  
GENERAL FUND COMBINING  
June 30, 2021**

	<b>General Fund</b>	<b>Law Enforcement Fund</b>	<b>Municipal Court Fund</b>	<b>Total General Fund</b>
<b>Assets:</b>				
Cash and equivalents	\$ 3,250,326	\$ 46,431	\$ 14,767	\$ 3,311,524
Investments	20,149	-	-	20,149
Accounts receivable, net	248,434	-	-	248,434
Taxes receivable	326,710	-	-	326,710
<b>Total assets</b>	<b>\$ 3,845,619</b>	<b>\$ 46,431</b>	<b>\$ 14,767</b>	<b>\$ 3,906,817</b>
<b>Liabilities and deferred inflows:</b>				
Accounts payable	\$ 160,919	\$ -	\$ 1,293	\$ 162,212
Payroll liabilities	119,028	-	-	119,028
Bonds payable	-	-	3,602	3,602
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<b>279,947</b>	<b>-</b>	<b>4,895</b>	<b>284,842</b>
Unavailable revenue	44,014	-	-	44,014
<b>Fund balances:</b>				
Assigned	-	46,431	9,872	56,303
Unassigned	3,521,658	-	-	3,521,658
<b>Total fund balances</b>	<b>3,521,658</b>	<b>46,431</b>	<b>9,872</b>	<b>3,577,961</b>
<b>Total liabilities, deferred inflow, and fund balances</b>	<b>\$ 3,845,619</b>	<b>\$ 46,431</b>	<b>\$ 14,767</b>	<b>\$ 3,906,817</b>

**CITY OF BLACKWELL**  
**COMBINING STATEMENT of REVENUES, EXPENDITURES and CHANGES in FUND BALANCES -**  
**GENERAL FUND COMBINING**  
**Year Ended June 30, 2021**

	<b>General Fund</b>	<b>Law Enforcement Fund</b>	<b>Municipal Court Fund</b>	<b>Total General Fund</b>
<b>Revenues:</b>				
Taxes	\$ 1,751,502	\$ -	\$ -	\$ 1,751,502
Charges for services	556,074	-	-	556,074
Intergovernmental programs	642,964	-	-	642,964
Fine and forfeitures	1,829	-	126,522	128,351
Rent	34,042	-	-	34,042
Licenses and permits	20,018	-	-	20,018
Interest	4,685	-	7	4,692
Donations	4,360	-	-	4,360
Miscellaneous	193,731	3,118	7,715	204,564
Proceeds from debt issuance	-	-	-	-
<b>Total revenues</b>	<b>\$ 3,209,205</b>	<b>\$ 3,118</b>	<b>\$ 134,244</b>	<b>\$ 3,346,567</b>
<b>Expenditures:</b>				
Economic development	\$ -	\$ -	\$ -	\$ -
General government	1,095,264	-	-	1,095,264
Public safety	3,364,248	-	403	3,364,651
Highways, roads & airport	618,125	-	-	618,125
Cultural & recreation	423,174	-	-	423,174
Operations	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest expense	-	-	-	-
Capital outlay	55,326	-	-	55,326
<b>Total expenditures</b>	<b>5,556,137</b>	<b>-</b>	<b>403</b>	<b>5,556,540</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(2,346,932)</b>	<b>3,118</b>	<b>133,841</b>	<b>(2,209,973)</b>
<b>Other financing uses:</b>				
Operating transfers in (out)	3,192,985	-	(127,798)	3,065,187
Contributions from component units	(4,000)	-	-	(4,000)
<b>Excess of revenues over (under) expenditures &amp; transfers</b>	<b>842,053</b>	<b>3,118</b>	<b>6,043</b>	<b>851,214</b>
<b>Fund balance-beginning of year</b>	<b>2,679,605</b>	<b>\$ 43,313</b>	<b>\$ 3,829</b>	<b>\$ 2,726,747</b>
<b>Fund balance-end of year</b>	<b>\$ 3,521,658</b>	<b>\$ 46,431</b>	<b>\$ 9,872</b>	<b>\$ 3,577,961</b>

**CITY OF BLACKWELL**  
**COMBINING STATEMENT OF FUND NET POSITION**  
**BLACKWELL MUNICIPAL AUTHORITY COMBINING FUNDS**  
**June 30, 2021**

	<b>Business-type Activities - Enterprise Funds</b>					<b>Totals</b>
	<b>Blackwell Municipal Authority</b>	<b>Sewer Capital Improvement</b>	<b>Water Improvement</b>	<b>Meter Deposit Fund</b>	<b>Utility Reserve Fund</b>	
<b>Assets:</b>						
Cash and investments:						
Cash & cash equivalents	\$ 1,169,708	\$ 644,601	\$ 121,701	\$ -	\$ 1,188,125	\$ 3,124,135
Restricted cash & cash equivalents	206,830	158,364	-	74,441	-	439,635
Investments	561,662	-	-	-	316,768	878,430
Restricted investments	-	-	-	240,000	-	240,000
Receivables (net of allowance for uncollectibles):						
Accounts receivable	1,506,597	-	-	-	-	1,506,597
Taxes	178,005	-	-	-	-	178,005
Due from other funds	13,544	-	-	-	-	13,544
Other assets	261,773	-	-	-	-	261,773
<b>Capital assets:</b>						
Capital assets net of depreciation	24,395,794	-	-	-	-	24,395,794
<b>Total assets</b>	<b>\$ 28,293,913</b>	<b>\$ 802,965</b>	<b>\$ 121,701</b>	<b>\$ 314,441</b>	<b>\$ 1,504,893</b>	<b>\$ 31,037,913</b>
<b>Deferred outflow of resources:</b>						
Deferred charges on pension obligations	310,852	-	-	-	-	310,852
<b>Liabilities:</b>						
Accounts payable	\$ 767,169	\$ -	\$ -	\$ -	\$ -	\$ 767,169
Payroll liabilities	49,690	-	-	-	-	49,690
Interest payable	73,399	-	-	-	-	73,399
Meter Deposits/Bonds payable	-	-	-	299,481	-	299,481
Due from other funds	-	-	-	13,544	-	13,544
Notes payable, current	1,000,000	630,000	-	-	-	1,630,000
Accrued compensated absences	46,961	-	-	-	-	46,961
OPEB liability	259,734	-	-	-	-	259,734
Pension liability	192,214	-	-	-	-	192,214
Notes payable, long	4,915,000	6,330,000	-	-	-	11,245,000
<b>Total liabilities</b>	<b>7,304,167</b>	<b>6,960,000</b>	<b>-</b>	<b>313,025</b>	<b>-</b>	<b>14,577,192</b>
<b>Deferred inflow of resources:</b>						
Deferred charges on pension obligations	243,691	-	-	-	-	243,691
<b>Net position:</b>						
Net investment in capital assets	18,480,794	(6,960,000)	-	-	-	11,520,794
Restricted	206,830	158,364	-	314,441	-	679,635
Unrestricted	2,369,283	644,601	121,701	(313,025)	1,504,893	4,327,453
<b>Total net position</b>	<b>\$ 21,056,907</b>	<b>\$ (6,157,035)</b>	<b>\$ 121,701</b>	<b>\$ 1,416</b>	<b>\$ 1,504,893</b>	<b>\$ 16,527,882</b>

CITY OF BLACKWELL  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 BLACKWELL MUNICIPAL AUTHORITY COMBINING FUNDS  
 Year Ended June 30, 2021

Business-type Activities - Enterprise Funds						
	Blackwell Municipal Authority	Sewer Capital Improvement	Water Improvement	Meter Deposit Fund	Utility Reserve Fund	Totals
<b>Revenues:</b>						
Electric revenue	\$ 7,801,309	\$ -	\$ -	\$ -	\$ -	\$ 7,801,309
Water revenue	1,673,710	-	-	-	-	1,673,710
Sewer revenue	781,100	-	-	-	-	781,100
Sanitation revenue	856,106	-	-	-	-	856,106
Processing fees	15,816	-	-	-	-	15,816
Surcharge revenue	556,822	-	11,468	-	-	568,290
Penalties	111,312	-	-	-	-	111,312
Rental income	16,154	-	-	-	-	16,154
Golf revenues	-	-	-	-	-	-
Miscellaneous revenue	272,946	-	-	-	-	272,946
Taxes	1,001,371	-	-	-	-	1,001,371
<b>Total revenues</b>	<b>13,086,646</b>	<b>-</b>	<b>11,468</b>	<b>-</b>	<b>-</b>	<b>13,098,114</b>
<b>Operations expense:</b>						
Electric	5,655,533	-	-	-	-	5,655,533
Water	993,701	-	-	-	-	993,701
Wastewater	356,163	-	-	-	-	356,163
Sanitation	490,049	-	-	-	-	490,049
Administration/other	715,415	-	-	9	-	715,424
Golf course	-	-	-	-	-	-
Depreciation expense	1,624,804	-	-	-	-	1,624,804
<b>Total operations expense</b>	<b>9,835,665</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>9,835,674</b>
<b>Income before non-operating revenues, expenses &amp; transfers</b>	<b>3,250,981</b>	<b>-</b>	<b>11,468</b>	<b>(9)</b>	<b>-</b>	<b>3,262,440</b>
<b>Non-operating revenues (expenses):</b>						
Interest revenue	9,649	394	66	-	792	10,901
Interest expense	(252,309)	(195,695)	-	-	-	(448,004)
Loss on sale of assets	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	-
TIF payments	-	-	-	-	-	-
<b>Total non-operating revenues (expenses)</b>	<b>(242,660)</b>	<b>(195,301)</b>	<b>66</b>	<b>-</b>	<b>792</b>	<b>(437,103)</b>
<b>Income (loss) before operating transfers</b>	<b>3,008,321</b>	<b>(195,301)</b>	<b>11,534</b>	<b>(9)</b>	<b>792</b>	<b>2,825,337</b>
<b>Transfers in (out)</b>						
Operating transfer in/(out) other funds	(1,556,630)	(62,677)	(51)	-	-	(1,619,358)
<b>Change in net position</b>	<b>1,451,691</b>	<b>(257,978)</b>	<b>11,483</b>	<b>(9)</b>	<b>792</b>	<b>1,205,979</b>
<b>Net position at beginning of year</b>	<b>19,605,216</b>	<b>\$ (5,899,057)</b>	<b>\$ 110,218</b>	<b>\$ 1,425</b>	<b>\$ 1,264,933</b>	<b>15,082,735</b>
Prior period adjustment	-	-	-	-	239,168	239,168
<b>Net position at end of year</b>	<b>\$ 21,056,907</b>	<b>\$ (6,157,035)</b>	<b>\$ 121,701</b>	<b>\$ 1,416</b>	<b>\$ 1,504,893</b>	<b>\$ 16,527,882</b>



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

To the Honorable Mayor and City Council  
City of Blackwell, 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, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Blackwell, Oklahoma ("City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated August 18, 2022. Our report includes a reference to other auditors who audited the financial statements of Blackwell Hospital Trust Authority, a discretely presented component unit of the City. This report does not include the results of Blackwell Industrial Authority auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

#### **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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified deficiencies in internal control, described in the accompanying schedule of finding and management response, that we consider to be a material weakness. [2021-01, 2021-03].

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, described in the accompanying schedule of findings and management responses. [2021-02]

#### **City of Blackwell's Response to Findings**

The City's responses to the finding identified in our audit is described in the accompanying schedule of finding and response. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.



**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.

A handwritten signature in blue ink that reads "Elfrink and Associates, PLLC". The signature is written in a cursive, flowing style.

Elfrink and Associates, PLLC

Tulsa, Oklahoma

August 18, 2022

## CITY OF BLACKWELL OKLAHOMA

JUNE 30, 2021

### SCHEDULE OF FINDINGS AND MANAGEMENT RESPONSES

This schedule is presented as an addendum to accompany the “*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*”. Consideration of the item listed should be made in conjunction with that report.

#### 2021-01 – Water Rates

**CRITERIA:** The City of Blackwell (“City”) Ordinance No. 2020-14 shows wastewater rates with a minimum charge of \$21.27 per month in city limits, plus a charge of \$0.00595 per cubic feet (or \$.000793 per gallon) of the quantity of water metered to the user. City Ordinance 2020-16 shows water rates for 5/8 inch and 3/4 inch meters as a minimum monthly charge of \$25.10, and variable charges for 1,871-5,610 gallons at \$.00388 per gallon and over 5,610 gallons at \$00405 per gallon.

**CONDITION:** We tested the billing for 30 water customers selected as a random sample from the entire population of water customers with billing activity in the month of June 2021. We noted two customers with water billing amounts that did not match the approved rate schedule. The variance in billed water rates could not be explained. We noted 23 customers that were underbilled for sewer usage.

**CAUSE OF CONDITION:** Based on discussions with the billing personnel, the rate table in the billing system was not correct.

**POTENTIAL EFFECT OF CONDITION:** Utility revenues are understated and the funds available to meet expenses are less than indicated by City ordinance.

**RECOMMENDATION:** When a new rate table becomes effective, the rates entered in the system and resultant billing should be reviewed and thoroughly tested by a knowledgeable person independent of the utility billing function prior to generating billings.

**RESPONSE:** Management acknowledges the condition. The City will review and test utility bills when new rate tables are entered into the system.

#### 2021-02 – Collateralization of Uninsured Deposits

**CONDITION:** The City had certain funds on deposit with financial institutions that were not adequately insured or collateralized at June 30, 2021. City deposits of approximately \$53,712 were uninsured and uncollateralized.

**CRITERIA:** Oklahoma statutes Title 62, Section 511 and, relating to trusts, Title 60 Section 175.24(7), require all deposits of a municipality to be properly insured and/or collateralized at all times to ensure that no public funds are lost in the event of a failure of the financial institution.

**EFFECT:** In the event of a failure of the financial institution, the City could lose the funds that were uninsured or uncollateralized.

**CAUSE:** The City did not have procedures in place to properly monitor the balances on deposit with financial institutions in relation to the amounts pledged by the financial institutions to ensure that all uninsured public funds are adequately collateralized at all times

**RECOMMENDATION:** Management should establish procedures to properly monitor the deposit and investment balances at each financial institution in relation to the amounts pledged by the financial institution to ensure that all public funds are adequately collateralized at all times.

**RESPONSE:** Management acknowledges the condition. The City will monitor deposit and investment balances and coordinate with the respective financial institutions to ensure proper collateralization.

## 2021-03 – Internal Control Over Financial Reporting

**CRITERIA:** Management is responsible to provide a suitable framework for internal control over financial reporting. Internal control over financial reporting is a process consisting of policies and control procedures to assess financial statement risk and provide reasonable assurance that a government prepares reliable financial statements. To achieve reliable financial statements, internal controls must be in place to see that records accurately and fairly reflect transactions in and dispositions of a government's assets; to provide assurance that the records of transactions are sufficient to prepare financial statements in accordance with generally accepted accounting principles.

**CONDITION:** The trial balance provided to the auditors for audit required a number of corrections and/or adjustments in order for the account balances to be in accordance with generally accepted accounting principles. Although the material adjustments and/or corrections identified by the auditors have been incorporated into the final draft of the financial statements, those adjustments should be identified and made by management and not the auditors. Material adjustments identified by the auditors indicate a weakness in control over financial reporting. Examples of the corrections and/or adjustments include:

- Capital asset costs for engineering, project design, and/or consulting had been placed in service and depreciated although some of the projects had not been started or completed. The analysis as to whether the costs incurred were for routine maintenance or related to a capital project appeared to be inadequate.
- Two significant capital asset projects were placed in service and depreciated although they had not been completed.
- Project costs were capitalized and placed in service although the costs had been capitalized and included in construction in progress in the prior year, duplicating the recognition of the capital cost.
- The accrual for unbilled utility used June 2021 billing registers instead of July 2021. June 2021 was already included in accounts receivable. Due to seasonal fluctuations, the difference was material.
- Grant revenue that was earned in the prior year was recognized in the current year. A prior period adjustment was required to correct this.
- The fair value of the commercial real estate portfolio had not been updated; the balance was unchanged from the prior year.
- The valuation of the electric parts inventory had not been updated; the balance was unchanged from the prior year.

**CAUSE OF CONDITION:** The trial balance was not reviewed to assure that all material adjustments and corrections had been made prior to release of the trial balance and supporting work papers to the auditors for audit. Analysis of some of the account balances appeared to be inadequate.

**POTENTIAL EFFECT OF CONDITION:** The financial statements may not be fairly stated in accordance with generally accepted accounting principles. The auditor's independence may be compromised.

**RECOMMENDATION:** The trial balance and supporting work papers should be reviewed prior to releasing to the auditors. Additional analysis of the account balances should be performed. Consider completing the financial statements prior to release of the work papers as some missed adjustments may be identified in this manner.

**RESPONSE:** Management acknowledges the condition. As of the date of the report, the City has made changes both internally and externally for fiscal year 2022 to ensure that financial information is clear, concise, and accurately reflected in the City's financial statements.