

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**BASIC FINANCIAL STATEMENTS
June 30, 2023**

CITY OF DRUMRIGHT
Drumright, Oklahoma

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Drumright, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Drumright, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Drumright, Oklahoma'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 of Drumright, Oklahoma, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Drumright, Oklahoma 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 of Drumright, Oklahoma'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 of Drumright, Oklahoma's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Drumright, Oklahoma'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 net pension schedules and budgetary comparison information on pages 44–50 and 51–53 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.

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

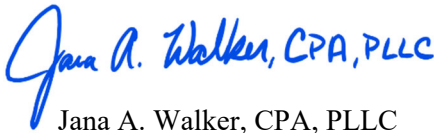
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Drumright, Oklahoma's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 November 30, 2023, on our consideration of the City of Drumright, Oklahoma’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 of Drumright, Oklahoma’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 City of Drumright, Oklahoma’s internal control over financial reporting and compliance.



Jana A. Walker, CPA, PLLC
Woodward, Oklahoma
November 30, 2023

CITY OF DRUMRIGHT
STATEMENT OF NET POSITION
June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments:			
Cash & cash equivalents (Note 1)	\$ 300,799	\$ 410,064	\$ 710,863
Investments, at cost	358,406	866,076	1,224,482
Receivables (net of allowance for uncollectibles):			
Accounts receivable	48,524	135,218	183,742
Taxes	236,000	-	236,000
Franchise	37,190	-	37,190
Fines	221,232	-	221,232
Interest	214	691	905
Grant	-	-	-
Unbilled revenues	-	57,389	57,389
Net pension asset	55,100	-	55,100
Prepaid expenses	21,602	13,803	35,405
Due to/from other funds	(62,915)	62,915	-
Restricted assets:			
Cash & cash equivalents (Note 1 & 3)	572,009	393,762	965,771
Insurance deposit	12,456	-	12,456
Investments, at cost	39,540	181,304	220,844
Revenue bond accounts	-	120,473	120,473
Capital assets:			
Land	64,900	50,425	115,325
Depreciable buildings, property, equipment and infrastructure, net of depreciation (Notes 1 & 3)	1,654,046	9,789,556	11,443,602
Total assets	3,559,103	12,081,676	15,640,779
Deferred outflows of resources:			
Deferred amounts related to pensions	1,416,161	-	1,416,161
Total deferred outflows	1,416,161	-	1,416,161
Liabilities:			
Current liabilities:			
Accounts payable	75,964	150,152	226,116
Accrued interest	-	20,281	20,281
Deferred compensation	99,655	49,895	149,550
Unearned rent	-	4,779	4,779
Payable from restricted assets:			
Meter deposits	-	207,172	207,172
Notes payable (Note 3)	-	326,897	326,897
Revenue bonds payable (Notes 3)	-	195,000	195,000
Revenue notes payable (Notes 3)	-	196,000	196,000
Non-current liabilities:			
Net pension liability	1,109,641	-	1,109,641
Notes payable (Note 3)	-	3,706,988	3,706,988
Revenue bonds payable (Notes 3)	-	895,000	895,000
Revenue notes payable (Notes 3)	-	605,000	605,000
Total liabilities	1,285,260	6,357,164	7,642,424
Deferred inflows of resources:			
Deferred amounts related to pensions	884,605	-	884,605
Total deferred inflows	884,605	-	884,605
Net position:			
Net Investment in capital assets	1,718,946	3,915,096	5,634,042
Restricted	624,005	488,367	1,112,372
Unrestricted	462,448	1,321,049	1,783,497
Total net position	\$ 2,805,399	\$ 5,724,512	\$ 8,529,911

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

CITY OF DRUMRIGHT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government:					
City clerk	\$ 118,725	\$ -	\$ -	\$ -	\$ (118,725)
City manager	109,059	-	-	-	(109,059)
General government	247,993	25,141	4,351	-	(218,501)
Total general government	<u>475,777</u>	<u>25,141</u>	<u>4,351</u>	<u>-</u>	<u>(446,285)</u>
Public safety and judiciary:					
City attorney	52,704	-	-	-	(52,704)
Fire	443,189	3,975	10,053	-	(429,161)
Municipal court	32,582	-	-	-	(32,582)
Animal control	19,285	-	-	-	(19,285)
Police	560,332	170,605	40,351	-	(349,376)
Total public safety and judiciary	<u>1,108,092</u>	<u>174,580</u>	<u>50,404</u>	<u>-</u>	<u>(883,108)</u>
Transportation:					
Streets	194,928	-	-	-	(194,928)
Total transportation	<u>194,928</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(194,928)</u>
Cultural, parks and recreation:					
Cemetery	3,125	-	-	-	(3,125)
Library	90,964	1,039	2,836	-	(87,089)
Total cultural, parks and recreation	<u>94,089</u>	<u>1,039</u>	<u>2,836</u>	<u>-</u>	<u>(90,214)</u>
Public health and welfare					
Sanitation	426,605	433,655	-	-	7,050
Total public health and welfare	<u>426,605</u>	<u>433,655</u>	<u>-</u>	<u>-</u>	<u>7,050</u>
Unallocated depreciation*	175,836	-	-	-	(175,836)
Total governmental activities	<u>2,475,327</u>	<u>634,415</u>	<u>57,591</u>	<u>-</u>	<u>(1,783,321)</u>
Business-type activities					
Water utility	775,660	618,886	-	249,921	93,147
Sewer utility	450,377	381,892	-	-	(68,485)
Gas utility	1,005,998	1,271,706	-	140,643	406,351
Industrial authority	48,998	34,515	-	-	(14,483)
Financing costs	163,849	-	-	-	(163,849)
Unallocated depreciation*	-	-	-	-	-
Total business-type activities	<u>2,444,882</u>	<u>2,306,999</u>	<u>-</u>	<u>390,564</u>	<u>252,681</u>
Total primary government	<u>\$ 4,920,209</u>	<u>\$ 2,941,414</u>	<u>\$ 57,591</u>	<u>\$ 390,564</u>	<u>\$ (1,530,640)</u>

* - This amount does not include the depreciation that is included in the direct expenses of various programs.

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

**CITY OF DRUMRIGHT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Net (expense)/revenue	\$ (1,783,321)	\$ 252,681	\$ (1,530,640)
General revenues:			
Taxes:			
Sales and use taxes	1,435,855	-	1,435,855
Franchise taxes	161,446	-	161,446
Intergovernmental	48,539	-	48,539
Investment earnings	6,765	(12,222)	(5,457)
Miscellaneous	73,645	131,845	205,490
Pension change	210,044	-	210,044
Gain on sale or disposal of assets	300	(24,557)	(24,257)
Transfers	45,757	(45,757)	-
Total general revenues and transfers	1,982,351	49,309	2,031,660
Change in net position	199,030	301,990	501,020
Net position - beginning of year	2,606,369	5,422,522	8,028,891
Net position - end of year	\$ 2,805,399	\$ 5,724,512	\$ 8,529,911

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

**CITY OF DRUMRIGHT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023**

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash and investments:			
Cash & cash equivalents	\$ 675,521	\$ 209,743	\$ 885,264
Investments, at cost	81,446	316,500	397,946
Receivables (net):			
Accounts receivable	48,524	-	48,524
Taxes	191,029	44,971	236,000
Interest	214	-	214
Franchise	37,190	-	37,190
Fines	75,282	-	75,282
Grant	-	-	-
Prepaid expenses	21,602	-	21,602
Due from other funds	-	-	-
Total assets	\$ 1,130,808	\$ 571,214	\$ 1,702,022
Liabilities:			
Claims pending	\$ 75,451	\$ 513	\$ 75,964
Due to other funds	62,915	-	62,915
Total liabilities	138,366	513	138,879
Fund balance:			
Restricted for:			
Cemetery	-	39,540	39,540
Capital Projects	-	519,250	519,250
Workers compensation	12,456	-	12,456
Other purposes	40,848	11,911	52,759
Unassigned	939,138	-	939,138
Total fund balance	992,442	570,701	1,563,143
Total liabilities and fund balance	\$ 1,130,808	\$ 571,214	\$ 1,702,022

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

CITY OF DRUMRIGHT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE
STATEMENT OF NET POSITION
June 30, 2023

Total Fund Balances - Total Governmental Funds \$ 1,563,143

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

Net pension asset	55,100
Pension related deferred outflows	1,416,161
Net pension liability	(1,109,641)
Pension related deferred inflows	(884,605)

Some of the City's revenue will be collected after year-end but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in governmental funds: Fines and forfeitures (net of allowance for uncollectibility)	145,949
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

Deferred compensation	(99,655)
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	\$ 64,900	64,900
General Government	\$ 1,078,849	
Sanitation	57,737	
Police	335,140	
Fire	1,740,780	
Water	44,317	
Streets	1,455,503	
Park	221,893	
Library	24,578	
Accumulated Depreciation	(3,304,751)	
Total	1,654,046	1,654,046

Net position of governmental activities \$ 2,805,399

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

CITY OF DRUMRIGHT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Charges for services	\$ 555,314	\$ -	\$ 555,314
Licenses and permits	15,141	-	15,141
Intergovernmental programs	48,539	-	48,539
Sales and use taxes	1,148,332	287,523	1,435,855
Franchise fees	161,446	-	161,446
Fines and forfeitures	113,352	-	113,352
Interest	6,597	168	6,765
Grants and donations	32,239	-	32,239
Disposal of asset proceeds	2,500	-	2,500
Miscellaneous revenue	73,503	142	73,645
Total revenues	<u>2,156,963</u>	<u>287,833</u>	<u>2,444,796</u>
Expenditures:			
Current:			
General government	447,430	-	447,430
Public safety	1,082,741	-	1,082,741
Highways & roads	15,077	178,064	193,141
Cultural, parks & recreation	90,964	3,125	94,089
Health & welfare	426,605	-	426,605
Capital outlay	58,855	83,000	141,855
Total expenditures	<u>2,121,672</u>	<u>264,189</u>	<u>2,385,861</u>
Excess of revenues over (under) expenditures	35,291	23,644	58,935
Other financing uses:			
Operating transfers in (out)	<u>45,757</u>	<u>-</u>	<u>45,757</u>
Excess of revenues over (under) expenditures & transfers	81,048	23,644	104,692
Fund balance - beginning of year	<u>911,394</u>	<u>547,057</u>	<u>1,458,451</u>
Fund balance - end of year	<u>\$ 992,442</u>	<u>\$ 570,701</u>	<u>\$ 1,563,143</u>

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

CITY OF DRUMRIGHT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ 104,692
Amounts reported for governmental activities in the Statement of Activities are different because:	
Revenues in the statement of activities that do not provide current financial resources (are not collected within 60 days) are deferred in the governmental funds. Therefore, the recognition of revenue differs between the two statements. The following represents the net change in deferred revenue for: Fines and forfeitures (net of allowance for uncollectibility)	(49,392)
Government-Wide Statement of Activities and Changes in Net Position report the cost of pension benefits earned net of employee contributions is reported as an element of pension expense. The fund financial statements report pension contributions as expenditures.	210,044
The net effect of various transactions involving capital assets (ie., sales, trade ins and contributions) is to decrease net assets.	(2,200)
Government-Wide Statement of Activities and Changes in Net Position report accrued compensated absenses 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 absenses recorded in the current period.	(30,133)
Governmental Funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets acquired in the current period.	141,855
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.	<u>(175,836)</u>
Change in Net Position of Governmental Activities	\$ <u><u>199,030</u></u>

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

CITY OF DRUMRIGHT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
June 30, 2023

Business-type Activities - Enterprise Funds

	Drumright Utility Trust		Drumright Gas Authority	Drumright Industrial Authority	Totals
	Water Utility	Sewer Utility			
Assets:					
Cash and investments:					
Cash & cash equivalents (Note 3)	\$ 25,802	\$ 31,751	\$ 206,490	\$ 146,021	\$ 410,064
Investments	231,373	24,579	610,124	-	866,076
Receivables (net of allowance for uncollectibles):					
Accounts receivable	55,905	37,842	41,471	-	135,218
Interest	464	-	227	-	691
Unbilled revenues	26,939	15,923	14,527	-	57,389
Due from other funds	62,915	-	126,000	-	188,915
Prepaid expenses	6,565	4,786	2,039	413	13,803
Restricted assets:					
Cash & cash equivalents (Note 3)	153,228	214,666	25,868	-	393,762
Investments, at cost	-	-	181,304	-	181,304
Revenue bond accounts	97,798	-	22,675	-	120,473
Capital assets:					
Land & work in progress	-	-	14,300	36,125	50,425
Depreciable buildings, property, equipment and infrastructure, net of depreciation (Notes 1 & 3)	1,078,418	5,585,138	1,580,572	1,545,428	9,789,556
Total assets	\$ 1,739,407	\$ 5,914,685	\$ 2,825,597	\$ 1,727,987	\$ 12,207,676
Deferred outflows of resources:					
Total deferred outflows	-	-	-	-	-
Liabilities:					
Current liabilities:					
Accounts payable	\$ 48,982	\$ 23,178	\$ 77,992	\$ -	\$ 150,152
Accrued interest	17,395	1,931	955	-	20,281
Deferred compensation	21,444	2,699	25,752	-	49,895
Unearned rent	-	-	-	4,779	4,779
Due to other funds	126,000	-	-	-	126,000
Payable from restricted assets:					
Meter deposits	-	-	207,172	-	207,172
Notes payable (Note 3)	-	87,908	-	238,989	326,897
Revenue bonds payable (Note 3)	195,000	-	-	-	195,000
Revenue notes payable (Note 3)	-	-	196,000	-	196,000
Non-current liabilities:					
Notes payable (Note 3)	-	3,573,725	-	133,263	3,706,988
Revenue bonds payable (Note 3)	895,000	-	-	-	895,000
Revenue notes payable (Note 3)	-	-	605,000	-	605,000
Total liabilities	1,303,821	3,689,441	1,112,871	377,031	6,483,164

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

**CITY OF DRUMRIGHT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
June 30, 2023**

Business-type Activities - Enterprise Funds

	Drumright Utility Trust		Drumright Gas Authority	Drumright Industrial Authority	Totals
	Water Utility	Sewer Utility			
(Continued)					
Deferred inflows of resources:					
Total deferred inflows	-	-	-	-	-
Net position:					
Net investment in capital assets	(11,582)	1,923,505	793,872	1,209,301	3,915,096
Restricted	251,026	214,666	22,675	-	488,367
Unrestricted	196,142	87,073	896,179	141,655	1,321,049
Total net position	\$ 435,586	\$ 2,225,244	\$ 1,712,726	\$ 1,350,956	\$ 5,724,512

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

CITY OF DRUMRIGHT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds				
	Drumright Utility Trust		Drumright Gas Authority	Drumright Industrial Authority	Totals
	Water Utility	Sewer Utility			
Revenues:					
Water	\$ 618,886	\$ -	\$ -	\$ -	\$ 618,886
Sewer	-	381,892	-	-	381,892
Gas	-	-	1,271,706	-	1,271,706
Lease income	-	-	-	34,515	34,515
Miscellaneous	48,695	73,538	9,612	-	131,845
Total revenues	<u>667,581</u>	<u>455,430</u>	<u>1,281,318</u>	<u>34,515</u>	<u>2,438,844</u>
Operating expenses:					
Gas & oil	12,999	5,128	8,712	-	26,839
Health Insurance	14,216	3,701	15,088	-	33,005
Insurance	18,407	23,344	8,834	1,112	51,697
Materials & supplies	218,256	30,144	42,766	-	291,166
Miscellaneous	1,592	74,910	4,427	100	81,029
Office-credit card fees, postage	5,261	2,668	-	-	7,929
Payroll taxes	14,124	2,691	15,774	-	32,589
Professional fees	6,930	2,835	6,615	3,270	19,650
Purchase of gas	-	-	538,864	-	538,864
Repairs & maintenance	37,461	30,064	2,530	-	70,055
Retirement	21,110	4,551	24,057	-	49,718
Salaries	212,860	38,803	216,391	-	468,054
Taxes	-	-	6,755	-	6,755
Telephone	860	2,513	2,069	-	5,442
Utilities	101,544	40,520	5,849	574	148,487
Depreciation	110,040	188,505	107,267	43,942	449,754
Total operating expenses	<u>\$ 775,660</u>	<u>\$ 450,377</u>	<u>\$ 1,005,998</u>	<u>\$ 48,998</u>	<u>\$ 2,281,033</u>
Income before non-operating revenues, expenses & transfers	<u>\$ (108,079)</u>	<u>\$ 5,053</u>	<u>\$ 275,320</u>	<u>\$ (14,483)</u>	<u>\$ 157,811</u>
Non-operating revenues (expenses):					
Interest	6,661	1,614	19,692	2,654	30,621
Unrealized gain (loss) on investments	(37,666)	-	(5,177)	-	(42,843)
Sale or disposal of assets	-	12,245	-	(36,802)	(24,557)
Grants and donations	249,921	-	140,643	-	390,564
Interest expense	(40,382)	(101,933)	(16,829)	(4,705)	(163,849)
Total non-operating	<u>178,534</u>	<u>(88,074)</u>	<u>138,329</u>	<u>(38,853)</u>	<u>189,936</u>
Income (loss) before operating transfers	<u>70,455</u>	<u>(83,021)</u>	<u>413,649</u>	<u>(53,336)</u>	<u>347,747</u>
Transfers in (out)	<u>152,126</u>	<u>120,117</u>	<u>(318,000)</u>	<u>-</u>	<u>(45,757)</u>
Change in net position	<u>222,581</u>	<u>37,096</u>	<u>95,649</u>	<u>(53,336)</u>	<u>301,990</u>
Net position at beginning of year	<u>213,005</u>	<u>2,188,148</u>	<u>1,617,077</u>	<u>1,404,292</u>	<u>5,422,522</u>
Net position at end of year	<u>\$ 435,586</u>	<u>\$ 2,225,244</u>	<u>\$ 1,712,726</u>	<u>\$ 1,350,956</u>	<u>\$ 5,724,512</u>

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

CITY OF DRUMRIGHT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds				
	Drumright Utility Trust				Totals
	Water Utility	Sewer Utility	Drumright Gas Authority	Drumright Industrial Authority	
Cash flows from operating activities:					
Cash received from customers & service users	\$ 656,352	\$ 383,203	\$ 1,249,400	\$ 52,915	\$ 2,341,870
Cash payments for goods & services & employees	(715,925)	(261,678)	(846,728)	(7,099)	(1,831,430)
Other operating revenues	48,695	73,538	9,612	-	131,845
Net cash provided by operating activities	<u>(10,878)</u>	<u>195,063</u>	<u>412,284</u>	<u>45,816</u>	<u>642,285</u>
Cash flows from noncapital financing activities:					
Change in due to/from accounts	(33,734)	-	36,000	-	2,266
Change in customer meter deposits	-	-	(22,737)	-	(22,737)
Grant revenue/(expense)	249,921	-	140,643	-	390,564
Operating transfers in/(out) to other funds	152,126	120,117	(318,000)	-	(45,757)
Net cash provided (used) for noncapital financing activities	<u>368,313</u>	<u>120,117</u>	<u>(164,094)</u>	<u>-</u>	<u>324,336</u>
Cash flows from capital and related financing activities:					
(Acquisition) disposition of capital assets	(31,338)	(120,689)	(6,864)	(294,900)	(453,791)
Principal paid on debt	(190,000)	(85,521)	(193,000)	211,418	(257,103)
Interest paid on debt	(43,414)	(101,978)	(17,059)	(4,705)	(167,156)
Net cash provided (used) for capital and related financing activities	<u>(264,752)</u>	<u>(308,188)</u>	<u>(216,923)</u>	<u>(88,187)</u>	<u>(878,050)</u>
Cash flows from investing activities:					
(Purchase) liquidation of investments	(31,955)	(276)	(5,731)	-	(37,962)
Interest on investments	6,259	1,614	19,501	2,654	30,028
Net cash provided by investing activities	<u>(25,696)</u>	<u>1,338</u>	<u>13,770</u>	<u>2,654</u>	<u>(7,934)</u>
Net increase (decrease) in cash & cash equivalents	66,987	8,330	45,037	(39,717)	80,637
Cash and cash equivalents - beginning of year	209,841	\$ 238,087	\$ 187,321	\$ 185,738	820,987
Cash and cash equivalents - end of year	<u>\$ 276,828</u>	<u>\$ 246,417</u>	<u>\$ 232,358</u>	<u>\$ 146,021</u>	<u>\$ 901,624</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ (108,079)	\$ 5,053	\$ 275,320	\$ (14,483)	\$ 157,811
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	110,040	188,505	107,267	43,942	449,754
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	37,466	1,311	(22,306)	13,621	30,092
(Increase) decrease in other assets	(325)	529	229	(413)	20
Increase (decrease) in accounts payable	(57,904)	(830)	42,222	(1,630)	(18,142)
Increase (decrease) in accrued expenses	7,924	495	9,552	4,779	22,750
Increase (decrease) in unearned rent	-	-	-	-	-
Total adjustments	<u>97,201</u>	<u>190,010</u>	<u>136,964</u>	<u>60,299</u>	<u>484,474</u>
Net cash provided by operating activities	<u>\$ (10,878)</u>	<u>\$ 195,063</u>	<u>\$ 412,284</u>	<u>\$ 45,816</u>	<u>\$ 642,285</u>

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

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Drumright, Oklahoma (the City) complies with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Reporting Entity

The City of Drumright, Oklahoma was organized under the statutes of the State of Oklahoma. The City operates under a council/manager form of government and is governed by a five-member board of commissioners. The commissioners elect the mayor from their own body. The City provides the following services as authorized by its charter: general government, public safety (fire and police), streets, public works (gas, water, sewer, and refuse), judicial, health and social services, culture, parks and recreation, public improvements, and planning and zoning for the geographical area organized as the City of Drumright, Oklahoma.

As required by accounting principles generally accepted in the United States of America, these financial statements present the activities of the City and its component units and trusts, entities for which the City is considered to be financially accountable. Blended component units and trusts, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with the data of the primary government.

Blended Component Units:

The Drumright Utility Trust (the Trust) was created pursuant to a Trust Indenture dated March 7, 1978, to finance, operate, construct and administer public works, improvements or facilities for the benefit of the City of Drumright, Oklahoma. The public works systems owned by the City have been leased to the Trust and are carried on the books of the Trust. The Trust is a public trust and an agency of the State of Oklahoma under Title 60, Oklahoma Statutes and is governed by a board consisting of five trustees identical with the City Council. The Trust is exempt from State and Federal Income taxes. The Trust is reported as an enterprise fund and includes the water distribution system and sewer service for the City of Drumright.

The Drumright Gas Authority (the Authority) was created pursuant to a Trust Indenture dated April 17, 1973 to finance, operate, construct and administer public works, improvements or facilities for the benefit of the City of Drumright, Oklahoma. The public works systems owned by the City have been leased to the Authority and are carried on the books of the Authority. The Authority is a public trust and an agency of the State of Oklahoma under Title 60, Oklahoma Statutes and is governed by a board consisting of five trustees identical with the City Council. The Authority is exempt from State and Federal Income taxes. The Authority is reported as an enterprise fund and includes the gas distribution system for the City of Drumright.

The Drumright Industrial Authority (DIA) was created pursuant to a Trust Indenture date May 2, 1967, to promote the development of industry, and provide additional employment for the benefit of the City of Drumright. The DIA is a public trust and an agency of the State of Oklahoma under Title 60, Oklahoma Statutes, and is governed by a board consisting of five trustees appointed by majority vote of the City Commission of the City of Drumright. The DIA is exempt from State and Federal income taxes. The DIA is reported as an enterprise fund.

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on program revenues are presented as general revenues of the city, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Government-wide Financial Statements

Fund Financial Statements – During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting – The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are three categories of funds: governmental, proprietary and fiduciary.

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting (Continued)

Governmental Funds – are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims, and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Sales taxes, tobacco taxes, gasoline excise taxes and motor vehicle taxes collected and held by the state and county at year-end on behalf of the City are susceptible to accrual and are recognized as revenue. Other receipts and taxes (licenses, etc.) become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The following are the City's major governmental funds:

General Fund – is the main operating fund of the City. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Governmental Funds (Continued)

Other governmental funds of the City that are considered non-major funds include:

Special Revenue funds - account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The following are the City's Special Revenue Funds: Cemetery Care Fund, Broadway Sidewalk II, CDBG Grant, Library Improvement, and Street Improvement fund.

Capital Improvement Fund – is a capital project fund used for capital improvements to city infrastructure.

Permanent funds – account for in the same manner as governmental funds, such as the General Fund. The fund is accounted for using the modified accrual basis of accounting and the measurement focus is essentially the flow of current financial resources. Earnings from investments of the fund are transferred to the City's general fund. The Cemetery Trust Fund is the City's only permanent fund.

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting (Continued)

Proprietary Funds – are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. In compliance with the Governmental Accounting Standards Board (GASB) Statement No. 20 the City has adopted only Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) and Accounting Research Board (ARB) materials issued on or before November 30, 1989 that do not conflict with GASB. Proprietary funds are classified as enterprise.

Enterprise Funds – are used to account for those operations that are financed and operated in a manner similar to private business where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that the determination of revenues earned, costs incurred and/or net income is necessary for capital maintenance, public policy or management accountability. The Drumright Utility Trust, Drumright Gas Authority, Drumright Industrial Authority, Drumright Municipal Healthcare Facility and Drumright Municipal Healthcare Authority are accounted for as enterprise funds. The following are the City's major enterprise funds:

Water Utility Fund – accounts for the operations of providing public works (water, sewer) to the City.

Sewer Utility Fund – accounts for the operations of providing public works (sewer) to the City.

Gas Authority – accounts for the operations of providing public works (gas) to the City.

Industrial Authority – accounts for the leases of industrial buildings for the City.

C. Assets, Liabilities and Equity

1. Deposits and Investments

Oklahoma Statutes authorize the City 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 City can invest in direct debt securities of the United States unless law expressly prohibits such an investment.

For financial statement presentation and for purposes of the statement of cash flows, the City's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit with a maturity date of three months or less. Debt instruments with a maturity date of more than three months are considered to be investments. Investments are stated at cost.

2. Restricted Cash and Investments

Certain restricted cash and investments are the result of financial requirements of Rural Economic and Community Development Administration (RECD) notes and Revenue bonds of the Drumright Utility Trust and the Drumright Gas Authority and consist of Bond fund reserve, Bond principal reserve, bond interest reserve and gas loan reserve. Under the terms and provisions of the notes and bonds, these special funds are maintained with the Trustee bank for the benefit of the holders of the note and are not subject to lien or attachment by any other creditors. These funds are to be maintained so long as the notes and bonds are outstanding. Monies contained in the funds held by the Trustee are required to be continuously invested in authorized securities that mature not later than the respective dates when the funds shall be required for the purpose intended by the notes and bonds.

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Equity (Continued)

2. Restricted Cash and Investments (Continued)

The revenue bond indenture of the Drumright Utility Trust Authority utility system revenue bonds series 2013 requires that the Authority maintain a Bond Account. This account is held at BancFirst. The Authority is required to make monthly deposits into the Bond Account equal to approximately one-twelfth of the amount necessary to pay the principal and interest on the Bonds as they become due. The Authority has met this requirement.

Other restricted cash includes customer deposits held, other reserves, and Cemetery Trust funds.

Future payment requirements are as follows:

Annual Period Commencing August 1,	Minimum Total Deposit During Annual Period	Approximate Monthly Payment
2022	190,117.59	\$ 15,843.13
2023	199,048.37	\$ 16,587.36
2024	202,867.46	\$ 16,905.62
2025	211,654.63	\$ 17,637.89
2026	220,393.92	\$ 18,366.16
2027	239,053.42	\$ 19,921.12
2028	242,649.08	\$ 20,220.76
2029	1,149.00	(1)

(1) Any monies left in the reserve accounts will be applied to the final payment.

3. Fair Value of Financial Instruments

The City's financial instruments include cash and cash equivalents, investments, accounts receivable and accounts payable. The City's estimates of the fair value of all financial instruments do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of net position/balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

4. 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.

5. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due from other/due to other funds".

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Equity (Continued)

6. Inventories

Inventories in both governmental funds and proprietary funds normally consist of minimal amounts of expendable supplies held for consumption. The costs of such inventories are recorded as expenditures when purchased rather than when consumed.

7. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$5,000.

The City's infrastructure consists of roads, bridges, culverts, curbs and gutter, streets and sidewalks, drainage system, lighting systems and similar assets that are immovable and of value only to the City. Such infrastructure assets acquired after July 1, 2003 are capitalized in accordance with the requirements of GASB 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add value of the asset or materially extend an asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement

Depreciation is computed on the straight-line method with estimated useful lives as follows:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>	<u>Component Unit Estimated Lives</u>
Buildings & Improvements	40 - 100 years	20 - 40 years	5 - 30 years
Furniture, Fixtures and Equipment	5 - 40 years	10 - 40 years	5 - 15 years
Vehicles	5 - 40 years	5 - 40 years	
Utility systems		40 years	
Transmission and distribution		40 years	

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Equity (Continued)

8. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused Paid Time Off (PTO). Eligible exempt regular full-time and introductory employees are able to earn PTO according to a schedule based on their tenure with the City. In the event that available PTO is not used by the end of the benefit year (the 12-month period that begins when the employee starts to earn PTO), employees may carry unused time forward to the next benefit year. When the total amount of unused PTO reaches 160 hours the bi-weekly accrual will be placed into the "Extended Illness Accrual Bank" (EIAB). The EIAB accrual will be capped at 640 hours. The City places 2 hours each pay period into the EIAB account for each employee. When the PTO and the EIAB accruals have reached the cap limits, the bi-weekly accruals for PTO will be paid to the employee in the last payroll of the month following the month in which it was earned. Upon termination of employment, employees will be paid for unused PTO that has been earned through the last day of work. Any hours remaining in the EIAB accrual account are forfeited to the City. Non-exempt employees are allowed at the option of the employee, compensatory time in lieu of cash payment for overtime worked. Amounts may be accumulated to a maximum of 240 hours and must be taken within 30 days after working the overtime. The expense and related liability for vested PTO benefits and compensatory time is recorded in the respective funds of the City or component unit.

9. Post-Employment Healthcare Benefits

The City permits retired employees to remain on its health care insurance coverage as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA) provisions or, under the provisions of O. S. 11-23-108 which permits employees who retire with more than eight years of service to elect to remain on the City's plan until they reach age 65.

Employees who elect coverage under either of these provisions must pay the premium in full. The City is permitted to charge a 2% administrative fee in addition to the premiums under COBRA coverage or it may charge a surcharge of up to 25% under the provisions of O. S. 11-23-108. The City's exposure is limited to the effects of "experience" in future rate calculations or the "implied subsidy" theory that these former employees may cause the premiums to be higher than they would be if they were not included in the plan.

10. Long-term Obligations

The accounting and reporting treatment applied to long-term liabilities associated with a fund are determined by its measurement focus. All governmental fund types are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Therefore, long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

CITY OF DRUMRIGHT
Drumright, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Equity (Continued)

11. Net Position/Fund Balance

In the government-wide financial statement, net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws or other governments, or are imposed by law through constitutional provisions or enabling legislation. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e., fund balance associated with assets that are *not in spendable form*, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

Amounts in the *spendable* fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.

Committed fund balance represents amount that are useable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment. The City Ordinance is the highest level of decision-making authority of the City.

Assigned fund balance represents amounts that are *intended* to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds *other than the general fund*, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purpose in accordance with the provisions of the standard.

Unassigned fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

12. Bad Debt Policy

It is the City's policy to charge bad debts against revenue.

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Equity (Continued)

13. Resource Use Policy

It is in the City's policy for all funds that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources, including fund balances, are available, the City considers restricted amounts to be spent first before any unrestricted amounts are used. Furthermore, it is the City's policy that when an expenditure/expense is incurred for purposes for which committed, assigned, or unassigned resources, including fund balances, are available, the City considers committed amounts to be spent first, followed by assigned amounts and lastly unassigned amounts.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Grants and Awards

The City was the recipient of the following operating and capital grants during the year:

Library State Aid	\$ 2,836
ARPA-NEU Grant	249,921
OSHO Grant	4,351
Winter Storm Grant	140,643
AG Safe OK Grant	15,000
Operational Grant	<u>10,053</u>
Total	<u>\$ 422,804</u>

3. DETAILED NOTES CONCERNING THE FUNDS

A. Deposits and Investments

Custodial Credit Risk

At June 30, 2023, the City held deposits of approximately \$3,242,433 at financial institutions. The City's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the City or by its agent in the City's name.

Investment Interest Rate Risk

The City has adopted a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

The City has the following policy that limits its investment choices and follows the same limitations set forth by state law:

Section 1.

- 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.

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023**

3. DETAILED NOTES CONCERNING THE FUNDS (Continued)

A. Deposits and Investments (Continued)

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

Section 2. Trust authority funds may be invested in mutual funds whose portfolio is invested in tax-exempt securities, governmental securities, and high-grade government bonds.

Section 3. Investments shall be made with judgment and care under the circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of the principal as well as the probable income to be derived.

The investments held at June 30, 2023 are as follows:

Type	Weighted Average Maturity (Months)	Credit Rating	Market Value	Cost
Investments				
Money Market	N/A	AAAm	\$ 1,676,634	\$ 1,676,634
Certificate of deposit	12.00	N/A	818,636	818,636
Govt Bond and Mutual Funds	N/A	AAAm	747,163	795,788
Total investments			<u>\$ 3,242,433</u>	<u>\$ 3,291,058</u>

Reconciliation to Statement of Net Position	
Governmental activities	\$ 1,270,754
Business-type activities	1,971,679
	<u>\$ 3,242,433</u>

Concentration of Investment Credit Risk

The City places no limit on the amount it may invest in any one issuer. The City has the following of credit risk: 25% in Certificates of deposit (\$818,636), 23% in Government bond and mutual funds (\$747,163), 52% in Money Market funds (\$1,676,634).

CITY OF DRUMRIGHT
Drumright, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

3. DETAILED NOTES CONCERNING THE FUNDS (Continued)

B. Fair Value Measurements

Fair value disclosures are provided as required by GASB 72 *Fair Value Measurements*. This standard established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities

Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly

Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the plan's assets at fair value as of June 30, 2023:

Assets at Fair Value as of June 30, 2023				
Type	Level 1	Level 2	Level 3	Total
CDs	\$ 818,636	\$ -	\$ -	\$ 818,636
Bonds and mutual funds	747,163	-	-	\$ 747,163
Total assets at fair value	\$ 1,565,799	\$ -	\$ -	\$ 1,565,799

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023**

3. DETAILED NOTES CONCERNING THE FUNDS (Continued)

B. Restricted Cash and Investments

Cash and investments have been restricted as follows:

City of Drumright:	
Juvenile programs	\$ 8,447
Capital projects	519,250
Cemetery care fund	11,911
Rate stabilization reserve, State Insurance Fund	12,456
Downtown beautiful donation	32,401
Cemetery trust fund	39,540
Drumright Gas Authority:	
Customer meter deposits	207,172
Revenue fund	22,675
Drumright Utility Trust:	
Sewer reserve	27,166
Sewer treatment construction reserve	187,500
ARPA grant	114,228
Water reserve	39,000
Bond fund reserve	97,798
	<hr/>
Total restricted cash and investments	<u>\$ 1,319,544</u>

C. Allowance for Uncollectible Accounts

Accounts receivable are reflected net of allowances for uncollectible accounts in the financial statements. The City's estimate of uncollectible accounts receivable by fund and activity is as follows:

Note: The City wrote off all uncollectible accounts on June 30, 2023.

CITY OF DRUMRIGHT
Drumright, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

3. DETAILED NOTES CONCERNING THE FUNDS (Continued)

D. Capital Assets

Primary Government capital asset activity for the year ended is as follows:

Governmental Activities:	Balance 6/30/22	Additions	Disposals	Balance 6/30/23
Non-depreciable assets:				
Land	\$ 64,900	\$ -	\$ -	\$ 64,900
Total non-depreciable assets	<u>64,900</u>	<u>-</u>	<u>-</u>	<u>64,900</u>
Depreciable assets:				
General Government	1,097,631	-	(18,782)	1,078,849
Sanitation	57,737	-	-	57,737
Police	355,479	58,855	(79,194)	335,140
Fire	1,740,780	-	-	1,740,780
Water	44,317	-	-	44,317
Streets	1,372,503	83,000	-	1,455,503
Park	221,893	-	-	221,893
Library	24,578	-	-	24,578
Total depreciable assets	<u>4,914,918</u>	<u>141,855</u>	<u>(97,976)</u>	<u>4,958,797</u>
Less accumulated depreciation:				
General Government	(992,771)	(10,513)	-	(1,003,284)
Sanitation	(57,737)	-	-	(57,737)
Police	(251,084)	(34,341)	95,776	(189,649)
Fire	(950,752)	(72,210)	-	(1,022,962)
Water	(44,317)	-	-	(44,317)
Streets	(728,237)	(52,732)	-	(780,969)
Park	(185,591)	(5,209)	-	(190,800)
Library	(14,202)	(831)	-	(15,033)
Total Accumulated depreciation	<u>(3,224,691)</u>	<u>(175,836)</u>	<u>95,776</u>	<u>(3,304,751)</u>
Net depreciable assets	<u>1,690,227</u>	<u>(33,981)</u>	<u>(2,200)</u>	<u>1,654,046</u>
Net governmental activities capital assets	<u>\$ 1,755,127</u>	<u>\$ (33,981)</u>	<u>\$ (2,200)</u>	<u>\$ 1,718,946</u>

CITY OF DRUMRIGHT
Drumright, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

3. DETAILED NOTES CONCERNING THE FUNDS (Continued)

D. Capital Assets (Continued)

Business-Type Activities:	Balance 6/30/22	Additions	Disposals	Balance 6/30/23
Non-depreciable assets:				
Land	\$ 50,425	\$ -	\$ -	\$ 50,425
Construction in process	-	-	-	-
Total non-depreciable assets	<u>50,425</u>	<u>-</u>	<u>-</u>	<u>50,425</u>
Depreciable assets:				
Water	3,779,779	31,338	-	3,811,117
Sewer	8,184,673	132,934	(21,116)	8,296,491
Gas	4,649,140	6,864	-	4,656,004
Drumright Industrial Authority	2,082,000	465,000	(226,742)	2,320,258
Total depreciable assets	<u>18,695,592</u>	<u>636,136</u>	<u>(247,858)</u>	<u>19,083,870</u>
Less accumulated depreciation:				
Water	(2,622,659)	(110,040)	-	(2,732,699)
Sewer	(2,543,964)	(188,505)	21,116	(2,711,353)
Gas	(2,968,165)	(107,267)	-	(3,075,432)
Drumright Industrial Authority	(750,728)	(43,942)	19,840	(774,830)
Total accumulated depreciation	<u>(8,885,516)</u>	<u>(449,754)</u>	<u>40,956</u>	<u>(9,294,314)</u>
Net depreciable assets	<u>9,810,076</u>	<u>186,382</u>	<u>(206,902)</u>	<u>9,789,556</u>
Net business-type activities capital assets	<u>\$ 9,860,501</u>	<u>\$ 186,382</u>	<u>\$ (206,902)</u>	<u>\$ 9,839,981</u>

E. Payables from Restricted Assets

Certain assets of the City of Drumright have been restricted for customers' deposits and payment of revenue bonds and notes.

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023**

3. DETAILED NOTES CONCERNING THE FUNDS (Continued)

F. Long-term Debt

The City is not obligated in any manner for the debt of its component units. The following is a summary of long-term debt of the City's Business-Type activities.

Drumright Utility Trust:

- | | |
|---|-----------|
| 1) Utility system revenue bonds issued in the original amount of \$2,600,000 to retire existing debt of the Drumright hospital. The bonds carry interest rates of 3.83%. The water fund remits varying quarterly payments as required by the provisions of the bond indenture for debt service. The bonds are scheduled to be paid over a period of 15 years. | 1,090,000 |
| 2) Revenue note issued May 23, 2013, in the original amount of \$4,542,000 to the Rural Economic and Community Development Administration to build a new sewer treatment facility. The note carries an interest rate of 2.75% and is secured by a first real estate mortgage and first lien pledge of revenues and receipts of the Water fund. The note is to be repaid over a period of 40 years with montly payments of \$15,625. | 3,661,633 |

Drumright Gas Authority:

- | | |
|--|---------|
| 3) Revenue note issued November 17, 2020, in the original amount of \$1,295,000 to retire debt of an existing Rural Development loan. This note carries an interest rate of 1.43% to be repaid over a period of 7 years. | 801,000 |
|--|---------|

Drumright Industrial Authority:

- | | |
|---|---------|
| 4) Note payable to Creek County Industrial Authority in the original amount of \$220,000. The note is a fifteen year 3% interest loan with payments of \$1,524 a month beginning when tennants occupy the Industrial Park Building. | 147,252 |
| 5) Note payable to HLH Realty in the amount of \$225,000. This note is to be paid when formal closing on the land purchase takes place in 2024. | 225,000 |

Total Proprietary Fund long-term debt	\$ 5,924,885
---------------------------------------	--------------

The annual debt service requirements to maturity, including principal and interest, for long-term debt are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	717,897	154,571	872,468
2025	508,787	141,306	650,093
2026	523,749	127,449	651,198
2027	550,796	113,088	663,884
2028	353,919	98,762	452,681
2029-2033	605,941	409,279	1,015,220
2034-2038	611,615	325,885	937,500
2039-2043	701,658	235,842	937,500
2044-2048	804,956	132,544	937,500
2049-2052	545,567	23,712	569,279
Totals	\$ 5,924,885	\$ 1,762,438	\$ 7,687,323

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023**

3. DETAILED NOTES CONCERNING THE FUNDS (Continued)

F. Long-term Debt (Continued)

The changes in Business-Type activities long-term debt are as follows:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Current Portion
Drumright Utility Trust:					
Revenue Bonds	\$ 1,280,000	\$ -	\$ 190,000	\$ 1,090,000	195,000
Notes Payable	3,747,154	-	85,521	3,661,633	87,908
Drumright Gas Authority:					
Revenue Bonds - 2020	994,000	-	193,000	801,000	196,000
Drumright Industrial Authority:					
Creek County Industrial Authority	160,833	225,000	13,581	372,252	238,989
Total	<u>\$ 6,181,987</u>	<u>\$ 225,000</u>	<u>\$ 482,102</u>	<u>\$ 5,924,885</u>	<u>\$ 717,897</u>

G. Inter-fund Transfers

During the year, transactions between funds create temporary inter-fund receivables and payables. The following schedule reflects the City's transfers from and to other funds:

	Transfer In	Transfer Out
General Fund:		
Drumright Utility Trust, Water Fund	130,000	402,243
Drumright Gas Authority	318,000	-
Drumright Utility Trust, Sewer Fund:		
Drumright Utility Trust, Water Fund	120,118	-
Drumright Utility Trust, Water Fund:		
General Fund	402,243	130,000
Drumright Utility Trust, Sewer Fund	-	120,118
Drumright Gas Authority:		
General Fund	-	318,000
	<u>\$ 970,361</u>	<u>\$ 970,361</u>

H. Inter-fund Loans

The Drumright Gas Authority approved a loan of \$300,000 to the Drumright Utility Trust. This is a non-interest bearing loan, which will be paid at \$3,000 a month for 100 months. This loan is shown as a "due to other funds" on Drumright Utility Trust – Water Fund and as "due from other funds" on Drumright Gas Authority. The balance of the loan at year end is \$126,000.

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023**

4. OTHER INFORMATION

A. Risk Management

The City 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 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.

The City is a member of the Oklahoma Municipal Assurance Group Workers' Compensation Plan (the Plan), an organization formed for the purpose of providing workers' compensation coverage through the State Insurance Fund to participating municipalities in the State of Oklahoma. In that capacity, the Plan is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for all claims submitted to it during the plan year.

As a member of the Plan, the City is required to pay fees set by the Plan according to an established payment schedule. A Loss Fund has been established from the proceeds of these fees for each participant in the Plan. The State Insurance Fund provides coverage in excess of the Loss Fund so the City's liability for claim loss is limited to the balance of that fund.

In addition to the Loss Fund, the City maintains two additional funds with the Plan. The Rate Stabilization Reserve (RSR), which can be applied against future premium increases and an Escrow Fund made up of past refunds left on deposit with the Plan. Escrow funds earn interest and are readily available for use by the governing board.

In accordance with GASB No. 10, the City reports the required contribution to the pool, net of refunds, as insurance expense. The balances in the RSR Fund, Loss Fund, and the Escrow Fund were \$0, \$10,287, and \$2,169, respectively.

B. Contingent Liabilities

The City is a defendant in ongoing litigation and various legal actions arising from normal governmental activities. Although most of such actions are covered by insurance, certain actions might have some degree of exposure to the City. The outcome of these lawsuits is not presently determinable, and it is not known if the resolution of these matters will have a material adverse effect on the financial condition of the City.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

C. North and South Cemetery's

On November 3, 1987, the Drumright Cemetery Association conveyed five acres of land known as the North Cemetery together with a certificate of Deposit in the amount of \$33,500 to the City. According to the agreement, the corpus of the certificate of deposit is to remain intact and the interest earned is to be used for maintenance of the North Cemetery. An additional donation in the amount of \$6,040 was also received which included a similar restriction. During 1996, the South Cemetery Association disbanded and donated the land known as the South Cemetery together with cash in the amount of \$3,699. There were no restrictions placed on the use of the funds. However, it is the City's intention to use only the interest earnings for maintenance and operations of the Cemetery and retain the principal of the contribution intact.

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023**

4. OTHER INFORMATION (Continued)

D. Related Organizations

City officials are responsible for appointing members of the Drumright Housing Authority and certain other organizations. These organizations are not accountable to the City nor does the City's responsibility extend beyond the appointments. The City has a beneficial interest in the residue of the Trusts' if terminated. The City incurs no other financial benefit or burden in relation to these Authorities.

E. Employee Retirement System and Other Benefit Plans

The City participates in three employee pension systems as follows:

Oklahoma Police Pension and Retirement Plan--Cost Sharing Multiple Employer - Defined Benefit Plan

Oklahoma Firefighters Pension and Retirement Plan--Cost Sharing Multiple Employer - Defined Benefit Plan

Oklahoma Municipal Retirement Fund (OkMRF) Agent Multiple Employer – Defined Benefit Plan

Oklahoma Police Pension and Retirement Plan

Plan description – The City of Drumright, 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.opprs.ok.gov.

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

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered. Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

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

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023**

4. OTHER INFORMATION (Continued)

E. Employee Retirement System and Other Benefit Plans (Continued)

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 \$27,661. The State of Oklahoma also made on behalf contributions to OPPRS in an amount during the calendar year and this is reported as both a revenue and an expenditure 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 \$25,351. 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, 2023, the City reported an asset of \$55,100 for its proportionate share of the net pension asset. The net pension asset was measured as of July 1, 2022, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2022. The City’s proportion of the net pension asset was based on the City’s contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2022. Based upon this information, the City’s proportion was 0.0687%.

For the year ended June 30, 2023, the City recognized pension expense of \$27,661. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of resources</u>
Differences between expected and actual experience	\$ 27,027	\$ 6,002
Changes of assumptions	1,918	-
Net difference between projected and actual earnings on pension plan investments	291,780	238,013
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	<u>27,661</u>	<u>-</u>
Total	<u>\$ 348,386</u>	<u>\$ 244,015</u>

\$27,661 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2024. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$ 17,302
2025	4,545
2026	(14,638)
2027	66,048
2028	<u>3,453</u>
	<u>\$ 76,710</u>

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023**

4. OTHER INFORMATION (Continued)

E. Employee Retirement System and Other Benefit Plans (Continued)

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

Inflation:	2.75%
Salary increases:	3.5% to 12.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Mortality rates:	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.

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

Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.

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

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	2.83%
Domestic equity	6.47%
International equity	6.98%
Real Estate	5.50%
Private Equity	5.96%
Other assets	3.08%

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.

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023**

4. OTHER INFORMATION (Continued)

E. Employee Retirement System and Other Benefit Plans (Continued)

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 of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability	\$159,618	(\$55,092)	(\$236,574)

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.opprs.ok.gov.

Oklahoma Firefighters Pension & Retirement Plan

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

Benefits provided – FPRS provides retirement, disability and death benefits to members of the plan.

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

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

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per years 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

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023**

4. OTHER INFORMATION (Continued)

E. Employee Retirement System and Other Benefit Plans (Continued)

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. Employees are required to contribute 9% of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$29,610 (fiscal year contributions). The State of Oklahoma also made on-behalf contributions to FPRS in an amount during the calendar year and this is reported as both a revenue and an expenditure 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 \$0. 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, 2023, the City reported a liability of \$742,556 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2022. Based upon this information the City's proportion was 0.056782%.

For the year ended June 30, 2023, the City recognized pension expense of \$29,610. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of resources</u>
Differences between expected and actual experience	\$ 95,324	\$ 3,749
Changes of assumptions	-	4,734
Net difference between projected and actual earnings on pension plan investments	327,888	241,595
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	<u>29,610</u>	<u>-</u>
Total	<u>\$ 452,822</u>	<u>\$ 250,078</u>

\$29,610 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023**

4. OTHER INFORMATION (Continued)

E. Employee Retirement System and Other Benefit Plans (Continued)

Year ended June 30:	
2024	\$ 46,117
2025	37,667
2026	10,704
2027	<u>78,646</u>
	<u>\$ 173,134</u>

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

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

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	5.48%
Domestic equity	37%	9.61%
International equity	20%	9.24%
Real Estate	10%	7.70%
Other assets	8%	5.67%

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

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023**

4. OTHER INFORMATION (Continued)

E. Employee Retirement System and Other Benefit Plans (Continued)

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-percent point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers’ net pension liability	\$ 956,843	\$ 742,558	\$ 563,319

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

Oklahoma Municipal Retirement Fund—Defined Benefit

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. 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.

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023**

4. OTHER INFORMATION (Continued)

E. Employee Retirement System and Other Benefit Plans (Continued)

Eligibility Factors and Benefit Provisions

<u>Provision</u>	<u>As of 07/01/22 OkMRF Plan</u>
a. Eligible to participate	Full-time employees except police, firefighters and other employees who are covered under an approved system.
b. Period Required to Vest	10 years of credited service
c. Eligibility for Distribution	-Normal retirement at age 65 with 10 years of service -Early retirement at age 55 with 10 years of service -Disability retirement upon disability with 10 years of service -Death benefit with 10 years of service for married employees
d. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
e. Benefit Determination Methods:	
Normal Retirement	-2.25% 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
Prior to 7 Years' Service	-No benefits
f. 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
g. Form of Benefit Payments	Normal form is a 60 months certain & life thereafter basis. Employee may elect, with City consent, option form based on actuarial equivalent.

Employees Covered by Benefit Terms

Active Employees	14
Deferred Vested Former Employees	9
Retirees or Retiree Beneficiaries	<u>17</u>
Total	<u>40</u>

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023**

4. OTHER INFORMATION (Continued)

E. Employee Retirement System and Other Benefit Plans (Continued)

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 12.95% of covered payroll. For the year ended June 30, 2023, the City recognized \$90,667 of employer contributions to the plan which equals the actuarially determined amount based on covered payroll of \$700,131. Employees contribute a fixed 6% to the plan in accordance with the plan provisions adopted by the City Council.

Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2022
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments and Discount Rate	7.50%
c. Projected Salary Increase	Rates by 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: Year 1: 225 Year 2: 140 Year 3: 100 Year 4: 70 Year 5: 40
j. Date of last experience study	September 2012 for fiscal years 2007 thru 2011

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.

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023**

4. OTHER INFORMATION (Continued)

E. Employee Retirement System and Other Benefit Plans (Continued)

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 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 (2.75%). 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, 2022 are summarized in the following table:

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

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023**

4. OTHER INFORMATION (Continued)

E. Employee Retirement System and Other Benefit Plans (Continued)

Changes in Net Pension Liability – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2022 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, 2022 and the City’s report ending date of June 30, 2023, that would have had a significant impact on the net pension liability.

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%, 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 (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease <u>(6.50%)</u>	Current Discount Rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
Employers’ net pension liability (asset)	\$677,580	\$367,085	\$106,952

The City reported \$90,667 in pension expense for the year ended June 30, 2023. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of resources</u>
Differences between expected and actual experience	\$ -	\$ 81,590
Changes of assumptions	-	7,910
Net difference between projected and actual earnings on pension plan investments	524,286	301,012
City contributions subsequent to the measurement date	<u>90,667</u>	<u>-</u>
Total	<u>\$ 614,953</u>	<u>\$ 390,512</u>

\$90,667 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Any other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$ (27,731)
2025	18,651
2026	21,259
2027	121,595
2028	<u>0</u>
	<u>\$ 133,774</u>

CITY OF DRUMRIGHT
Drumright, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2023

4. OTHER INFORMATION (Continued)

F. Other Post-Employment Benefits

Plan Description: City provides post-employment benefit options for health care, prescription drug, dental and vision benefits for retired employees and their dependents that elect to make required contributions. The benefits are provided in accordance with State law, police and firefighter's union contracts and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The provisions for these benefits are not formalized in a contract or plan document but are referenced only in a few sentences in the administrative policy manual. These benefits are considered for accounting purposes to be provided in accordance with a single employer substantive plan. A substantive plan is one in which the plan terms are understood by the City and plan members. This understanding is based on communications between the employers and plan member and the historical pattern of practice with regard to the sharing of benefit costs.

Substantially all of the government's employees may become eligible for those post-employment benefits if they reach normal retirement age while working for the City. The plan is only provided for employees between the ages of 62 and 65. As of June 30, 2023, no retired employees are receiving benefits under this plan.

Funding Policy. The contribution requirement of the City is an implicit subsidy. The implicit subsidy is not a direct payment from the employer on behalf of the member but rather stems from retiree contribution levels that are less than the claims cost at retiree ages. Since claims experience for employees and non-Medicare eligible retirees are pooled when determining premiums, these retired members pay a premium based on a pool of members that, on average, are younger and healthier. There is an implicit subsidy from the employee group since the premiums paid by the retirees are lower than they would have been if the retirees were insured separately. The subsidies are valued using the difference between the age-based claims costs and the premium paid by the retiree. The amount required to fund the implicit rate is based on projected pay-as-you-go financing requirements. For fiscal year 2023, the City contributed 0% to the plan for previously retired employees (0 retirees) and 0% of premiums on newly retired employees (0 retirees).

Annual OPEB Cost and Net OPEB Obligation. The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. GASB 45 requires entities with over 200 employees to have the actuarial valuation performed biennially. The City is not required to perform the actuarial valuation of the OPEB cost and related OPEB obligation for the year ended June 30, 2023 since no one is participating at this time.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**REQUIRED SUPPLEMENTAL INFORMATION
June 30, 2023**

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**REQUIRED SUPPLEMENTAL INFORMATION
Year Ended June 30, 2023**

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

Defined Benefit Cost Sharing Plans:

Police

Schedule of the City's proportionate share of the net pension liability (asset)

Schedule of City contributions

Fire

Schedule of the City's proportionate share of the net pension liability (asset)

Schedule of City contributions

Defined Benefit Agent Multi-Employer Plan

OkMRF

Schedule of change in net pension liability & related ratios

Schedule of employer contributions

Budgetary Comparison Schedule – General, Street Improvement & Capital Improvement Funds

CITY OF DRUMRIGHT
Drumright, Oklahoma

REQUIRED SUPPLEMENTAL INFORMATION ON PENSION PLAN FUNDING PROGRESS
Year Ended June 30, 2023

Exhibit 1
Schedule of the City of Drumright Proportionate Share of the Net Pension Liability (Asset)
Oklahoma Police Pension & Retirement System
Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.0687%	0.0735%	0.0703%	0.0628%	0.0616%	0.0664%	0.0704%	0.0751%	0.0787%
City's proportionate share of the net pension liability (asset)	\$ (55,100)	\$ (352,546)	\$ 80,734	\$ (4,006)	\$ (29,340)	\$ 5,105	\$ 107,776	\$ 3,061	\$ (26,493)
City's covered-employee payroll	\$ 212,777	\$ 245,662	\$ 254,315	\$ 238,338	\$ 204,069	\$ 187,877	\$ 189,128	\$ 210,651	\$ 211,423
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-25.8957%	-143.5086%	31.7457%	-1.6808%	-14.3775%	2.7172%	56.9857%	1.4531%	-12.531%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%	117.07%	95.80%	100.24%	101.89%	99.68%	93.50%	99.82%	101.53%

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

Notes to Schedule:

Only the last 9 years are presented because 10-year data is not yet available.

CITY OF DRUMRIGHT
Drumright, Oklahoma

REQUIRED SUPPLEMENTAL INFORMATION ON PENSION PLAN FUNDING PROGRESS
Year Ended June 30, 2023

Exhibit 2
Schedule of the City Contributions
Oklahoma Police Pension & Retirement System
Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 27,661	\$ 31,936	\$ 33,061	\$ 30,984	\$ 26,529	\$ 24,424	\$ 24,587	\$ 27,385	\$ 27,485
Contributions in relation to the statutorily required contribution	<u>27,661</u>	<u>31,936</u>	<u>33,061</u>	<u>30,984</u>	<u>26,529</u>	<u>24,424</u>	<u>24,587</u>	<u>27,385</u>	<u>27,485</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 212,777	\$ 245,662	\$ 254,315	\$ 238,338	\$ 204,069	\$ 187,877	\$ 189,128	\$ 210,651	\$ 211,423
Contributions as a percentage of covered-employee payroll	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%

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

Notes to Schedule:

Only the last 9 years are presented because 10-year data is not yet available.

CITY OF DRUMRIGHT
Drumright, Oklahoma

REQUIRED SUPPLEMENTAL INFORMATION ON PENSION PLAN FUNDING PROGRESS
Year Ended June 30, 2023

Exhibit 3
Schedule of the City of Drumright Proportionate Share of the Net Pension Liability (Asset)
Oklahoma Firefighters Pension & Retirement System
Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.056782%	0.065334%	0.066645%	0.064104%	0.065756%	0.059830%	0.059949%	0.0676%	0.0676%
City's proportionate share of the net pension liability (asset)	\$ 742,556	\$ 430,270	\$ 821,003	\$ 677,368	\$ 740,179	\$ 752,502	\$ 732,403	\$ 734,412	\$ 695,289
City's covered-employee payroll	\$ 211,500	\$ 202,907	\$ 203,671	\$ 203,636	\$ 188,879	\$ 186,143	\$ 148,112	\$ 153,700	\$ 183,679
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	351.09%	212.05%	403.10%	332.64%	391.88%	404.26%	494.49%	477.82%	378.53%
Plan fiduciary net position as a percentage of the total pension liability (asset)	69.49%	84.24%	69.98%	72.85%	70.73%	66.61%	64.87%	68.27%	68.12%

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

Notes to Schedule:

Only the last 9 years are presented because 10-year data is not yet available.

CITY OF DRUMRIGHT
Drumright, Oklahoma

REQUIRED SUPPLEMENTAL INFORMATION ON PENSION PLAN FUNDING PROGRESS
Year Ended June 30, 2023

Exhibit 4
Schedule of the City Contributions
Oklahoma Firefighters Pension & Retirement System
Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 29,610	\$ 28,407	\$ 28,514	\$ 28,509	\$ 26,443	\$ 26,060	\$ 20,736	\$ 21,518	\$ 25,715
Contributions in relation to the statutorily required contribution	<u>29,610</u>	<u>28,407</u>	<u>28,514</u>	<u>28,509</u>	<u>26,443</u>	<u>26,060</u>	<u>20,736</u>	<u>21,518</u>	<u>25,715</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 211,500	\$ 202,907	\$ 203,671	\$ 203,636	\$ 188,879	\$ 186,143	\$ 148,112	\$ 153,700	\$ 183,679
Contributions as a percentage of covered-employee payroll	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%

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

Notes to Schedule:

Only the last 9 years are presented because 10-year data is not yet available.

CITY OF DRUMRIGHT
Drumright, Oklahoma

REQUIRED SUPPLEMENTAL INFORMATION ON PENSION PLAN FUNDING PROGRESS
Year Ended June 30, 2023

Exhibit 5
Oklahoma Municipal Retirement Fund
Schedule of Changes in Net Pension Liability and Related Ratios Last Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability									
Service cost	\$ 66,900	\$ 61,992	\$ 57,078	\$ 49,628	\$ 55,476	\$ 53,932	\$ 60,925	\$ 65,361	\$ 60,511
Interest	216,218	222,618	225,248	224,497	221,649	215,906	209,745	212,075	212,614
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(44,521)	(151,148)	(85,426)	(55,505)	(7,915)	43,638	20,885	(85,476)	-
Changes in assumptions	(12,456)	-	-	34,321	-	73,414	-	-	-
Benefit payments, including refunds of member contributions	(218,574)	(219,027)	(244,432)	(241,482)	(221,362)	(213,554)	(210,625)	(233,001)	(206,639)
Net change in total pension liability	<u>7,567</u>	<u>(85,565)</u>	<u>(47,532)</u>	<u>11,459</u>	<u>47,848</u>	<u>173,336</u>	<u>80,930</u>	<u>(41,041)</u>	<u>66,486</u>
Total pension liability – beginning	<u>2,990,212</u>	<u>3,075,777</u>	<u>3,123,309</u>	<u>3,111,850</u>	<u>3,064,002</u>	<u>2,890,666</u>	<u>2,809,736</u>	<u>2,850,777</u>	<u>2,784,291</u>
Total pension liability - ending (a)	<u>\$ 2,997,779</u>	<u>\$ 2,990,212</u>	<u>\$ 3,075,777</u>	<u>\$ 3,123,309</u>	<u>\$ 3,111,850</u>	<u>\$ 3,064,002</u>	<u>\$ 2,890,666</u>	<u>\$ 2,809,736</u>	<u>\$ 2,850,777</u>
Plan fiduciary net position									
Contributions - employer	\$ 74,985	\$ 89,218	\$ 80,487	\$ 75,090	\$ 71,573	\$ 71,266	\$ 77,098	\$ 82,598	\$ 84,831
Contributions - member	34,742	36,003	35,221	32,360	34,744	34,595	37,427	40,096	41,180
Net investment income	(377,970)	688,068	101,595	167,523	181,222	278,391	19,081	66,070	352,464
Benefit payments, including refunds of member contributions	(218,574)	(219,027)	(244,432)	(241,482)	(221,362)	(213,554)	(210,625)	(233,001)	(206,639)
Administrative expense	(5,301)	(5,107)	(5,210)	(5,119)	(5,049)	(4,897)	(4,657)	(4,979)	(5,199)
Other	-	-	-	-	-	-	-	-	-
Net change plan fiduciary net position	<u>(492,118)</u>	<u>589,155</u>	<u>(32,339)</u>	<u>28,372</u>	<u>61,128</u>	<u>165,801</u>	<u>(81,676)</u>	<u>(49,216)</u>	<u>266,637</u>
Plan fiduciary net position – beginning	<u>3,122,812</u>	<u>2,533,657</u>	<u>2,565,996</u>	<u>2,537,624</u>	<u>2,476,496</u>	<u>2,310,695</u>	<u>2,392,371</u>	<u>2,441,587</u>	<u>2,174,950</u>
Plan fiduciary net position - ending (b)	<u>\$ 2,630,694</u>	<u>\$ 3,122,812</u>	<u>\$ 2,533,657</u>	<u>\$ 2,565,996</u>	<u>\$ 2,537,624</u>	<u>\$ 2,476,496</u>	<u>\$ 2,310,695</u>	<u>\$ 2,392,371</u>	<u>\$ 2,441,587</u>
Net pension liability - ending (a) - (b)	<u>\$ 367,085</u>	<u>\$ (132,600)</u>	<u>\$ 542,120</u>	<u>\$ 557,313</u>	<u>\$ 574,226</u>	<u>\$ 587,506</u>	<u>\$ 579,971</u>	<u>\$ 417,365</u>	<u>\$ 409,190</u>
Plan fiduciary net position as a percentage of the total pension liability	87.75%	104.43%	82.37%	82.16%	81.55%	80.83%	79.94%	85.15%	85.65%
Covered employee payroll	\$ 484,493	\$ 591,244	\$ 561,783	\$ 512,512	\$ 529,477	\$ 545,999	\$ 576,294	\$ 614,313	\$ 678,588
Net pension liability as a percentage of covered - employee payroll	75.77%	-22.43%	96.50%	108.74%	108.45%	107.60%	100.64%	67.94%	60.30%

Notes to Schedule: Only the last 9 years are presented because 10-year data is not yet available.

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**REQUIRED SUPPLEMENTAL INFORMATION ON PENSION PLAN FUNDING PROGRESS
Year Ended June 30, 2023**

**Exhibit 6
Oklahoma Municipal Retirement Fund
Schedule of Employer Contributions Last Fiscal Years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 90,667	\$ 84,641	\$ 98,644	\$ 89,518	\$ 84,133	\$ 79,602	\$ 84,823	\$ 84,998	\$ 88,253
Contributions in relation to the actuarially determined contribution	<u>90,667</u>	<u>84,641</u>	<u>98,644</u>	<u>89,518</u>	<u>84,133</u>	<u>79,602</u>	<u>84,823</u>	<u>84,998</u>	<u>88,253</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 700,131	\$ 653,598	\$ 663,376	\$ 658,705	\$ 680,688	\$ 644,029	\$ 686,273	\$ 687,689	\$ 714,021
Contributions as a percentage of covered employee payroll	12.95%	12.95%	14.87%	13.59%	12.36%	12.36%	12.36%	12.36%	12.36%

Notes to Schedule:

1. Only the last 9 years are presented because 10-year data is not yet available.
2. Latest Valuation Date: July 1, 2022
3. Actuarially determined contribution rate is calculated as of July 1, 2021 and July 1, 2022
January 2023 through June 2023 contributions were at a rate of 12.95%.
July 2022 through December 2022 contributions were at a rate of 12.95%.
4. Methods and assumptions used to determine contribution rates:
Actuarial cost method - Entry age normal
Amortization method - Level percent of payroll, closed
Remaining amortization period - 28 years
Asset valuation method - Actuarial:
 Smoothing period - 4 years
 Recognition method - Non-asymptotic
 Corridor - 70% - 130%
Salary increases - 4.00% to 7.42% (varies by attained age)
Investment rate of return - 7.50%

CITY OF DRUMRIGHT
REQUIRED SUPPLEMENTAL INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BUDGETARY BASIS) AND ACTUAL
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023
(Unaudited)

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>		
Revenues:				
Charges for services	\$ 510,700	\$ 522,700	\$ 555,314	\$ (32,614)
Licenses and permits	11,000	11,000	15,141	(4,141)
Intergovernmental programs	52,200	52,200	48,539	3,661
Taxes & fees	813,500	904,500	1,309,778	(405,278)
Fines and forfeitures	150,000	150,000	113,352	36,648
Interest	1,500	6,500	6,597	(97)
Grants	15,856	30,856	32,239	(1,383)
Disposal of asset proceeds	-	-	2,500	(2,500)
Miscellaneous	30,200	60,200	73,503	(13,303)
Total revenues	<u>1,584,956</u>	<u>1,737,956</u>	<u>2,156,963</u>	<u>(419,007)</u>
Expenditures:				
Current:				
General government	461,800	476,600	447,430	29,170
Public safety	989,205	1,122,305	1,082,741	39,564
Highways, roads	17,965	15,465	15,077	388
Cultural & recreational	80,906	91,006	90,964	42
Health & welfare	430,000	426,800	426,605	195
Capital outlay	18,000	53,000	58,855	(5,855)
Total expenditures	<u>1,997,876</u>	<u>2,185,176</u>	<u>2,121,672</u>	<u>63,504</u>
Excess of revenue over (under) expenditures	(412,920)	(447,220)	35,291	482,511
Other financing sources (uses):				
Operating transfers in (out)	420,000	448,000	45,757	(402,243)
Net changes in fund balance	7,080	780	81,048	80,268
Fund balance at beginning of year	<u>911,394</u>	<u>911,394</u>	<u>911,394</u>	<u>-</u>
Fund balance at end of year	<u>\$ 918,474</u>	<u>\$ 912,174</u>	<u>\$ 992,442</u>	<u>\$ 80,268</u>

The Notes to Required Supplemental Information are an integral part of this statement.

CITY OF DRUMRIGHT
REQUIRED SUPPLEMENTAL INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BUDGETARY BASIS) AND ACTUAL
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023
(Unaudited)
STREET IMPROVEMENT FUND

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues:				
Sales and use taxes	\$ 154,330	\$ 154,330	\$ 172,562	\$ 18,232
Intergovernmental programs	-	-	-	-
Misc	-	-	142	142
Grants	-	-	-	-
Total revenues	<u>154,330</u>	<u>154,330</u>	<u>172,704</u>	<u>18,374</u>
Expenditures:				
Current:				
Public safety	-	-	-	-
Highways & roads	179,750	179,750	169,314	10,436
Cultural, parks & recreation	-	-	-	-
Capital outlay	-	-	-	-
Lease payments	-	-	-	-
Total expenditures	<u>179,750</u>	<u>179,750</u>	<u>169,314</u>	<u>10,436</u>
Excess of revenue over (under) expenditures	(25,420)	(25,420)	3,390	28,810
Other financing sources (uses):				
Operating transfers in (out)	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
Net changes in fund balance	4,580	4,580	3,390	(1,190)
Fund balance at beginning of year	<u>102,963</u>	<u>102,963</u>	<u>102,963</u>	<u>-</u>
Fund balance at end of year	<u>\$ 107,543</u>	<u>\$ 107,543</u>	<u>\$ 106,353</u>	<u>\$ (1,190)</u>

The Notes to Required Supplemental Information are an integral part of this statement.

CITY OF DRUMRIGHT
REQUIRED SUPPLEMENTAL INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BUDGETARY BASIS) AND ACTUAL
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023
(Unaudited)
CAPITAL IMPROVEMENT FUND

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Revenues:				
Sales and use taxes	\$ 102,820	\$ 102,820	\$ 114,961	\$ 12,141
Intergovernmental programs	-	-	-	-
Cemetery Lot sales	500	500	-	(500)
Misc	-	-	168	168
Grants and donations	10,300	27,027	-	(27,027)
Total revenues	<u>113,620</u>	<u>130,347</u>	<u>115,129</u>	<u>(15,218)</u>
Expenditures:				
Current:				
Public safety	-	-	-	-
Highways & roads	-	-	8,750	(8,750)
Cultural, parks & recreation	10,800	10,800	-	10,800
Capital outlay	102,820	102,820	83,000	19,820
Lease payments	-	-	-	-
Total expenditures	<u>113,620</u>	<u>113,620</u>	<u>91,750</u>	<u>21,870</u>
Excess of revenue over (under) expenditures	-	16,727	23,379	6,652
Other financing sources (uses):				
Operating transfers in (out)	-	-	-	-
Net changes in fund balance	-	16,727	23,379	6,652
Fund balance at beginning of year	<u>379,218</u>	<u>379,218</u>	<u>379,218</u>	<u>-</u>
Fund balance at end of year	<u>\$ 379,218</u>	<u>\$ 395,945</u>	<u>\$ 402,597</u>	<u>\$ 6,652</u>

The Notes to Required Supplemental Information are an integral part of this statement.

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
For the Year Ended June 30, 2023
(Unaudited)**

BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for all governmental funds. The enterprise funds and internal service fund adopt budgets on the non-GAAP basis wherein service fees, bond and note proceeds are recognized as revenue, principal payments on debt and capital expenditures are recognized as expenses, and depreciation expense is not budgeted. Annual appropriated budgets are not adopted for the agency funds. Budgetary data for enterprise funds, internal service, and permanent funds are not presented in these financial statements.

Prior to July 1, the City Manager (not an elected official) submits a proposed operating budget for the fiscal year commencing July 1, to the Commissioners (elected officials). Public hearings are held at regular or special meetings to obtain taxpayer input. Prior to July 1, the budget is legally enacted through passage of a budget resolution. The operating budget, for all budgeted funds, includes proposed expenditures and the means of financing. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personal services, maintenance and operations, capital outlay, transfers, and debt service. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. A more detailed budget is used for operating purposes. All budget revisions at the legal level are subject to final approval by the City Council. Within these control levels, management may transfer appropriations without council approval. Revisions to the budget were made during the year in accordance with the provisions of the Oklahoma Statutes. All annual appropriations lapse at year-end.

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**OTHER SUPPLEMENTARY INFORMATION
June 30, 2023**

**CITY OF DRUMRIGHT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2023**

	<u>Special Revenue</u>						<u>Permanent Funds</u>	Total Non-Major Governmental Funds
	Street Improvement Fund	Capital Improvement Fund	Cemetery Care Fund	Library Improvement Fund	REAP Street Grant Fund	CDBG Grant Fund	Cemetery Trust Fund	
Assets:								
Cash and equivalents	\$ 9,876	\$ 184,616	\$ 4,951	\$ 10,300	\$ -	\$ -	\$ -	\$ 209,743
Investments at cost	70,000	200,000	6,960	-	-	-	39,540	316,500
Grants receivable	-	-	-	-	-	-	-	-
Taxes receivable	26,990	17,981	-	-	-	-	-	44,971
Due from others	-	-	-	-	-	-	-	-
Total assets	<u>\$ 106,866</u>	<u>\$ 402,597</u>	<u>\$ 11,911</u>	<u>\$ 10,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,540</u>	<u>\$ 571,214</u>
Liabilities:								
Claims pending	\$ 513	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 513
Total liabilities	<u>513</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>513</u>
Fund balances:								
Restricted	106,353	402,597	11,911	10,300	-	-	39,540	570,701
Unrestricted	-	-	-	-	-	-	-	-
Total fund balances	<u>106,353</u>	<u>402,597</u>	<u>11,911</u>	<u>10,300</u>	<u>-</u>	<u>-</u>	<u>39,540</u>	<u>570,701</u>
Total liabilities and fund balances	<u>\$ 106,866</u>	<u>\$ 402,597</u>	<u>\$ 11,911</u>	<u>\$ 10,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,540</u>	<u>\$ 571,214</u>

CITY OF DRUMRIGHT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2023

	Special Revenue						Permanent Funds	Total Non-Major Governmental Funds
	Street Improvement Fund	Capital Improvement Fund	Cemetery Care Fund	Library Improvement Fund	REAP Street Grant Fund	CDBG Grant Fund	Cemetery Trust Fund	
Revenues:								
Sales and use taxes	\$ 172,562	\$ 114,961	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 287,523
Intergovernmental	-	-	-	-	-	-	-	-
Lot sales	-	-	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-	-	-
Miscellaneous	142	-	-	-	-	-	-	142
Sale or disposal of assets	-	-	-	-	-	-	-	-
Interest income	-	168	-	-	-	-	-	168
Grants	-	-	-	-	-	-	-	-
Total revenues	<u>\$ 172,704</u>	<u>\$ 115,129</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>287,833</u>
Expenditures:								
Public safety	\$ -	\$ -	-	-	-	-	-	-
Highways & roads	169,314	8,750	-	-	-	-	-	178,064
Cultural, parks & recreation	-	-	3,125	-	-	-	-	3,125
General government	-	-	-	-	-	-	-	-
Capital outlay	-	83,000	-	-	-	-	-	83,000
Lease payments	-	-	-	-	-	-	-	-
Total expenditures	<u>169,314</u>	<u>91,750</u>	<u>3,125</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>264,189</u>
Excess of revenues over (under) expenditures	3,390	23,379	(3,125)	-	-	-	-	23,644
Other financing uses:								
Operating transfers in (out)	-	-	-	-	-	-	-	-
Excess of revenues over (under) expenditures & transfers	3,390	23,379	(3,125)	-	-	-	-	23,644
Fund balance - beginning of year	<u>102,963</u>	<u>379,218</u>	<u>15,036</u>	<u>10,300</u>	<u>-</u>	<u>-</u>	<u>39,540</u>	<u>547,057</u>
Fund balance - end of year	<u>\$ 106,353</u>	<u>\$ 402,597</u>	<u>\$ 11,911</u>	<u>\$ 10,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,540</u>	<u>\$ 570,701</u>

CITY OF DRUMRIGHT
Drumright, Oklahoma

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing	Program or Award Amount	Revenue Collected	Federal Expend- itures
<u>U.S. Department of Treasury:</u>				
<u>Passed through the Oklahoma Office of Management and Enterprise Services:</u>				
ARPA-NEU	21.027	497,510	249,921	145,183
<u>U.S. Department of Transportation:</u>				
OSH Grant - PT-23-03-12-01	20.600	15,000	4,351	4,351
<u>Office of Library Services, Institute of Museum and Library Services, National Foundation on the Arts and the Humanities:</u>				
<u>Passed through the Oklahoma Department of Libraries:</u>				
State Library Program	45.310	2,836	2,836	2,836
Sub-total Office of Library Services, Institute of Museum and Library Services, National Foundation on the Arts and the Humanities:		<u>2,836</u>	<u>2,836</u>	<u>2,836</u>
Total of Expenditures of Federal Awards		\$ <u>515,346</u>	\$ <u>257,108</u>	\$ <u>152,370</u>

Note A - Basis of Presentation - The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2023. Because the Schedule presents only selected portion of the operations of the City, it is not intended and does not present the financial position, changes in net assets, or cash flows of the City.

Note B - Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported using accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**CITY OF DRUMRIGHT
Drumright, Oklahoma**

**REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*
June 30, 2023**

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 City Council
City of Drumright, Oklahoma

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

Report on Internal Control over Financial Reporting

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

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

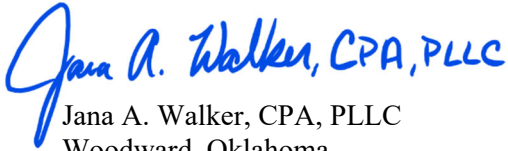
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Jana A. Walker, CPA, PLLC
Woodward, Oklahoma
November 30, 2023

**CITY OF DRUMRIGHT, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING JUNE 30, 2023**

No current year findings.

**CITY OF DRUMRIGHT, OKLAHOMA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDING JUNE 30, 2023**

FINDING 2022-001 Lack of Timely Filed Audit

Condition: The City did not have an audit complete before December 31, 2022.

Criteria: In accordance with State Law 11 O.S. §17-105 -113; 60 O.S. § 180.1-.3, copies of the audit report should be supplied along with a prepared annual survey form and filing fee check to the State Auditor within six months of year end.

Cause: Late filing of prior year audits.

Effect or Potential Effect These conditions could result in noncompliance with government agencies and loss of gas excise tax.

Recommendation: Ensure records are available for inspection as quickly as possible after year end.

Status: No current year findings.