



CITY OF WAGONER

FINANCIAL STATEMENTS

FOR THE YEAR ENDING JUNE 30, 2021

City of Wagoner
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June 30, 2021

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Independent Auditors' Report

To the City Council
City of Wagoner
Wagoner, Oklahoma

Report on the Financial Statements

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 Wagoner, Wagoner, Oklahoma, (the "City"), as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budget to Actual Comparison and the Cost Sharing Pension Plans information on pages I through VIII, 39-40, and 41-42 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and the Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 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 February 21, 2022, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

Clothier + Company CPA's

Clothier & Company CPA’s P.C.

February 21, 2022

CCCCCPA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Wagoner, Wagoner, Oklahoma's financial performance provides an overview of the City's financial activities for the year ended June 30, 2021. Please read it in conjunction with the financial statements, which begin on page 5.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 5-6) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 7. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the City as a whole begins on page III. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets as the difference between assets and liabilities, and as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets is one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's sales tax base and the condition of the City's roads, to assess the overall health of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities.

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

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 7 and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law. However, the City Council establishes many other funds to help it control and manage money for particular purposes (like the Economic Development Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds - governmental and proprietary - use different accounting approaches.

- Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds with the reconciliations on pages 8 and 10.
- Proprietary funds - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise fund is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

The City as Trustee

The City is the trustee, or fiduciary, for the municipal court bond fund and the penalty assessment fund. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. We exclude these activities from the City's other financial statements, because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE CITY AS A WHOLE

For the years ended June 30, 2017, 2018, 2019, 2020 and 2021, net assets changed as follows:

	Governmental		Business-type		Total	
	<u>Activities</u>		<u>Activities</u>			
Net assets June 30, 2016	7,707,037		13,416,632		21,123,669	
Change 2017	(789,309)	-10.24%	257,369	1.92%	(531,940)	-2.52%
Net assets June 30, 2017	6,917,728		13,674,001		20,591,729	
Change 2018	548,886	7.93%	184,704	1.35%	733,590	3.56%
Net assets June 30, 2018	7,466,614		13,858,705		21,325,319	
Change 2019	726,376	9.73%	509,165	3.67%	1,235,541	5.79%
Net assets June 30, 2019	8,192,990		14,367,870		22,560,860	
Change 2020	(167,611)	-2.05%	162,260	1.13%	(5,351)	-0.02%
Net assets June 30, 2020	8,025,379		14,530,130		22,555,509	
Change 2021	3,329,947	41.49%	553,174	3.81%	3,883,121	17.22%
Net assets June 30, 2021	11,355,326		15,083,304		26,438,630	

This reflects an increase of 3.81% for Business-type activities and an increase of 41.49% for governmental activities for 2021 over June 30, 2020 balance.

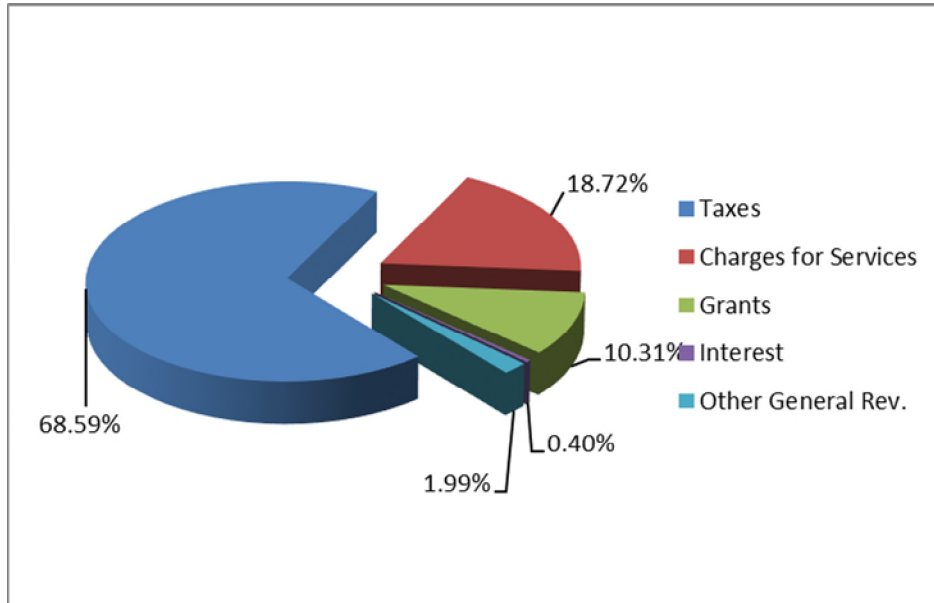
Governmental Activities

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

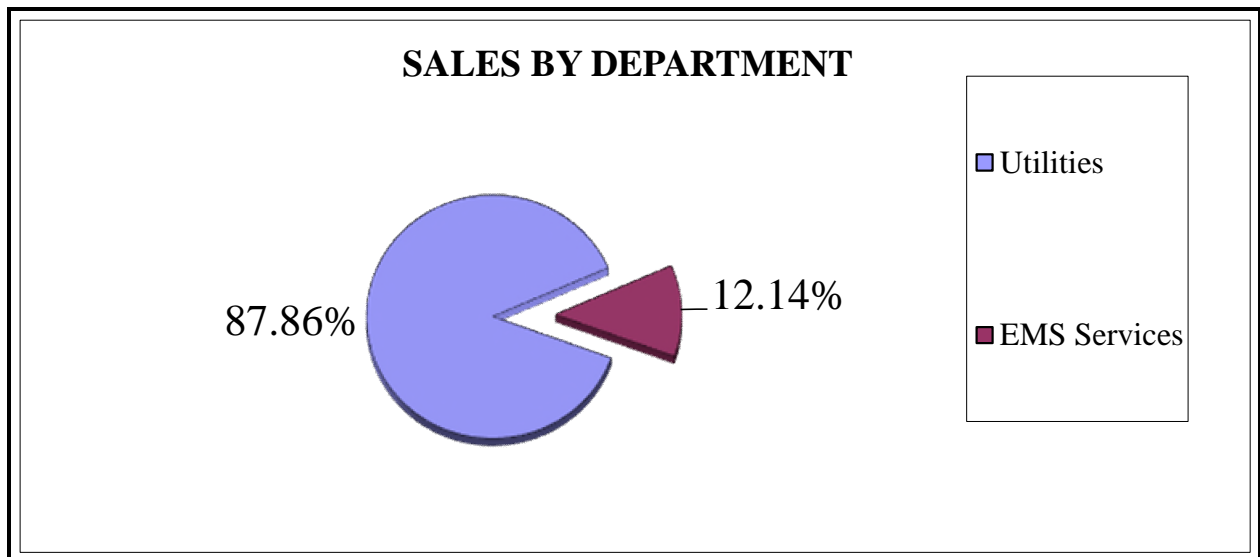
- General Government- Building permits, street permits, occupational licenses, and franchise fees.
- Police- Fines and 911 fees. More grants are categorized as operating grants.
- Fire- Outside city limits fire run charges.
- Civic Center- Building rental.
- Library- Fines- Operating grants include e-rate and Oklahoma Department of Libraries.
- Cemetery- Grave opening/closing fees.
- Swimming Pool- Swimming admission and private parties.
- Community Building- Rental fees.

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose. All departments have remained substantially the same from 2020 to 2021.

Governmental Activities



Business-type Activities



THE CITY'S FUNDS

The following presents a summary of governmental funds revenue and expenditures for the fiscal year ended June 30, 2021 and the amounts and percentages of change in relation to 2020.

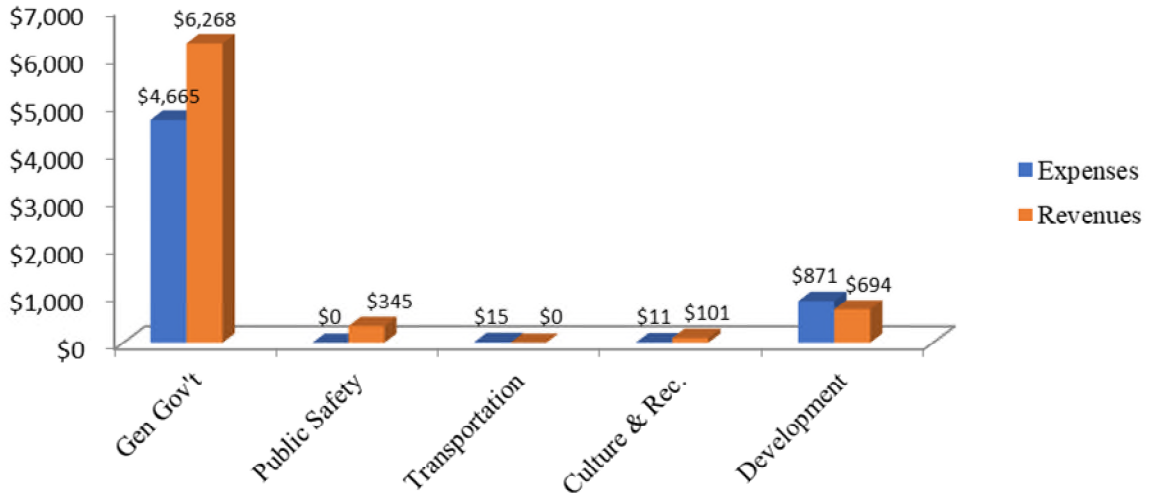
	2021		Increase (Decrease)	
	<u>Amounts</u>	<u>%</u>	<u>Amounts</u>	<u>%</u>
<u>Revenue:</u>				
Taxes	\$5,081,914	68.59%	\$610,703	13.66%
Charges for Services	\$1,386,714	18.72%	\$40,448	3.00%
Grants	\$763,505	10.31%	\$672,522	739.17%
Interest	\$29,567	0.40%	\$4,281	16.93%
Other General Rev.	\$147,239	1.99%	(\$397,949)	-72.99%
Total Revenues	<u>\$7,408,939</u>	<u>100.00%</u>	<u>\$930,005</u>	
<u>Expenditures:</u>				
Current Operating	4,632,217	83.29%	(254,478)	-5.21%
Capital Outlay	929,630	16.71%	(251,411)	-21.29%
Total Expenditures	<u>5,561,847</u>	<u>100.00%</u>	<u>(505,889)</u>	

The following presents a summary of proprietary funds revenue and expenditures for the fiscal year ended June 30, 2021 and the amounts and percentages of change in relation to 2020.

	2021		Increase (Decrease)	
	<u>Amounts</u>	<u>%</u>	<u>Amounts</u>	<u>%</u>
<u>Revenue:</u>				
Utilities	\$11,150,216	87.86%	\$495,914	4.45%
Ambulance	\$1,540,404	12.14%	\$285,065	18.51%
Total Revenues	<u>\$12,690,620</u>	<u>100.00%</u>	<u>\$780,979</u>	
<u>Operating Expense</u>				
Utilities	\$10,631,116	88.44%	\$473,597	4.45%
Ambulance	\$1,390,138	11.56%	\$3,818	0.27%
Total Operating Expenses	<u>\$12,021,254</u>	<u>100.00%</u>	<u>\$477,415</u>	

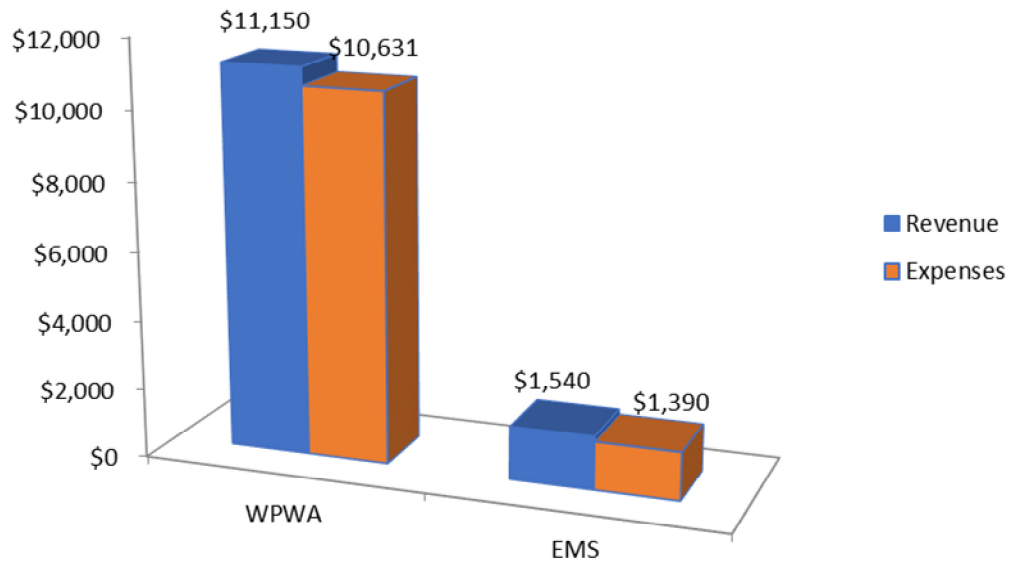
Governmental Revenues and Expenditures

In Thousands



Expenses and Program Revenues - Business-Type Activities

In Thousands



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2021, the City had over \$51 million invested in capital assets including police and fire equipment, buildings, park facilities, roads, and water, sewer, and electric lines.

	Cost	Accumulated Depreciation	Book Value
Governmental Funds	\$17,110,054	(\$10,563,390)	\$6,546,664
Emergency Medical Services	1,845,003	(1,510,387)	334,616
Wagoner Public Works Authority	32,244,670	(15,521,247)	16,723,423
	<u>\$51,199,727</u>	<u>(\$27,595,024)</u>	<u>\$23,604,703</u>

Debt

At year-end the Wagoner Public Works Authority & EMS had \$9,501,822 in outstanding notes payable compared to \$10,021,385 in 2020 or a decrease of 5.5%. The City had \$156,254 in outstanding notes payable compared to \$157,392 in the prior fiscal year.

	Governmental Activities		Business-type Activities	
	2021	2020	2021	2020
Totals	<u>\$156,254</u>	<u>\$157,392</u>	<u>\$9,501,822</u>	<u>\$10,021,385</u>

Other obligations of the City include accrued compensated absences, fire and police pension liability, and fire and police deferred inflows.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following occurred during the 2021/2022 year:

- The Covid pandemic has impacted both the city operational and budgetary aspects of the fiscal year, such as, supply and fuel cost have increased. The American Rescue Plan Act provided needed relief to municipalities to enable them to continue to support the public health response and lay the foundation for a strong and equitable economic recovery. The city received \$802,104 in November 2021 and it is anticipated that an additional payment of \$802,104 will be received November 2022. The municipality has until December 31, 2026 to expense funds.
- During the fiscal year 2021-2022 budget process, the city general fund reserve was raised from \$300,000 to \$600,000 to help address unknown expenses.
- The City of Wagoner is working with the Oklahoma Department of Transportation on a Streetscape TAP grant. The federal share is capped at \$600,878. The \$961,651 construction project for pedestrian and bike improvements downtown is planned to begin spring of 2022.
- Employees were given a 3% salary increase across the board and select employees received raises for obtaining new licenses.
- WPWA had undergone a utility rate study during FY 2019-20 and there was an electric, water, and sewer rate increase scheduled for July, 2020. The pandemic brought many unknowns to our community and WPWA felt like it was not an appropriate time to increase rates. The increased rates went into effect November 2021.
- The WPWA paid off the "2012 OWRB Water Plant Refinance" and obtained a \$5,040,000 low interest OWRB loan for stormwater improvements. The stormwater project will begin Spring 2022 with an anticipated construction time of twelve to eighteen months.

City of Wagoner, Oklahoma
GOVERNMENT-WIDE STATEMENT OF NET ASSETS

For the Year Ending June 30, 2021

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Current Assets			
Cash and cash equivalents	\$5,184,540	\$6,100,298	\$11,284,838
Other current assets	402,374	668	403,042
Accounts receivable- trade	0	1,086,503	1,086,503
Internal balances	283,011	62,461	345,472
Prepaid expenses	0	0	0
Inventory	0	518,429	518,429
Total Current Assets	<u>5,869,925</u>	<u>7,768,359</u>	<u>13,638,284</u>
Noncurrent Assets			
Depreciable capital assets, net	6,546,664	17,058,039	23,604,703
Restricted cash	0	1,620,527	1,620,527
Debt issue costs, net	0	5,010	5,010
Pension asset-Police	542,130	0	542,130
Deferred outflows-Fire	297,184	0	297,184
Deferred outflows-Police	199,991	0	199,991
Total Noncurrent Assets	<u>7,585,969</u>	<u>18,683,576</u>	<u>26,269,545</u>
	<u>13,455,894</u>	<u>26,451,935</u>	<u>39,907,829</u>
LIABILITIES			
Current Liabilities			
Accounts/encumbrances payable	336,203	521,492	857,695
Accrued interest	0	102,875	102,875
Accrued payroll and benefits	134,005	116,405	250,410
Accrued expenses	36,861	748,073	784,934
Current portion long-term debt	121,911	845,938	967,849
Internal balances	143,360	204,290	347,650
Total Current Liabilities	<u>772,340</u>	<u>2,539,073</u>	<u>3,311,413</u>
Noncurrent Liabilities			
Compensated absense	177,762	173,674	351,436
Pension liability-Fire	801,626	0	801,626
Deferred inflows-Fire	129,559	0	129,559
Deferred inflows-Police	65,418	0	65,418
Long-term debt	34,343	8,655,884	8,690,227
Total Noncurrent Liabilities	<u>1,208,708</u>	<u>8,829,558</u>	<u>10,038,266</u>
	<u>1,981,048</u>	<u>11,368,631</u>	<u>13,349,679</u>
NET ASSETS			
Invested in capital assets net debt	6,390,410	7,556,217	13,946,627
Restricted for deposits/debt	0	907,564	907,564
Restricted for other purposes	1,917,003	2,476,897	4,393,900
Unrestricted	3,047,913	4,142,626	7,190,539
Total Net Assets	<u>\$11,355,326</u>	<u>\$15,083,304</u>	<u>\$26,438,630</u>

See accompanying footnotes and independent auditors' report.

City of Wagoner, Oklahoma

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

For the Year Ending June 30, 2021

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Governmental Activities:							
General government	\$845,779	\$907,239	\$628,892	\$15,000	\$705,352	\$0	\$705,352
Public Safety	1,462,433	257,212	0	0	(1,205,221)	0	(1,205,221)
Transportation	404,144	0	0	0	(404,144)	0	(404,144)
Culture and Recreation	759,483	90,138	0	0	(669,345)	0	(669,345)
Development Services	487,633	132,218	0	0	(355,415)	0	(355,415)
Total Governmental Activities	<u>3,959,472</u>	<u>1,386,807</u>	<u>628,892</u>	<u>15,000</u>	<u>(1,928,773)</u>	<u>0</u>	<u>(1,928,773)</u>
Business-type Activities:							
Utility	10,930,020	11,150,216	0	0	0	220,196	220,196
EMS	1,403,378	1,540,805	0	0	0	137,427	137,427
Total Business-type Activities	<u>12,333,398</u>	<u>12,691,021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>357,623</u>	<u>357,623</u>
Total Primary Government	<u>16,292,870</u>	<u>14,077,828</u>	<u>628,892</u>	<u>15,000</u>	<u>(1,928,773)</u>	<u>357,623</u>	<u>(1,571,150)</u>
General Revenues:							
					4,258,985	0	4,258,985
					822,929	0	822,929
					29,567	78,520	108,087
					147,239	117,031	264,270
					0	0	0
					<u>5,258,720</u>	<u>195,551</u>	<u>5,454,271</u>
					3,329,947	553,174	3,883,121
					8,025,379	14,530,130	22,555,509
					<u>\$11,355,326</u>	<u>\$15,083,304</u>	<u>\$26,438,630</u>

See accompanying footnotes and independent auditors' report.

City of Wagoner, Oklahoma
GOVERNMENTAL FUNDS BALANCE SHEET

For the Year Ending June 30, 2021

	General Fund	Economic Dev. Fund	Non Major Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$4,926,029	\$68,648	\$189,863	\$5,184,540
Due From Other Funds	283,011	0	0	283,011
Grant Receivable	0	0	0	0
Taxes Receivable	357,086	45,288	0	402,374
Prepays	0	0	0	0
Interest Receivable	0	0	0	0
Total Assets	<u>\$5,566,126</u>	<u>\$113,936</u>	<u>\$189,863</u>	<u>\$5,869,925</u>
LIABILITIES AND FUND BALANCE				
Accts/Encumbrances Payable	\$321,287	\$3,092	\$11,824	\$336,203
Accrued Expenses	37,049	0	554	37,603
Due to Other Funds	142,217	0	1,143	143,360
Accrued Wages/Benefits	<u>134,005</u>	<u>0</u>	<u>0</u>	<u>134,005</u>
Total Liabilities	634,558	3,092	13,521	651,171
FUND BALANCE				
Nonspendable	0	0	0	0
Restricted	0	110,844	176,342	287,186
Committed	0	0	0	0
Assigned	634,558	0	0	634,558
Unassigned	<u>4,297,010</u>	<u>0</u>	<u>0</u>	<u>4,297,010</u>
Total Fund Balance	<u>4,931,568</u>	<u>110,844</u>	<u>176,342</u>	<u>5,218,754</u>
Total Liabilities and Fund Balance	<u>\$5,566,126</u>	<u>\$113,936</u>	<u>\$189,863</u>	<u>\$5,869,925</u>

See accompanying footnotes and independent auditors' report.

City of Wagoner, Oklahoma
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
AND THE STATEMENT OF NET ASSETS
For the Year Ending June 30, 2021

Fund Balance - total governmental funds \$ 5,218,754

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

Governmental Capital Assets	17,110,056	
Less Accumulated Depreciation	<u>(10,563,392)</u>	6,546,664

Long-term assets not due and receivable in the current year and therefore are not reported in the governmental funds	1,039,305
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Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds	(1,208,708)
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Expense reported in the current period for the governmental activities includes amounts accrued in the prior fiscal year but paid in this fiscal year and omits the amount accrued in this fiscal year but will be paid in the coming fiscal year	<u>(240,689)</u>
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Net Assets of Governmental Activities	<u><u>\$ 11,355,326</u></u>
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See accompanying footnotes and independent auditors' report.

City of Wagoner, Oklahoma
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS
For the Year Ending June 30, 2021

	General Fund	Economic Dev. Fund	Non Major Funds	Total Governmental Funds
REVENUES				
Sales Tax	\$3,726,612	\$532,373	\$0	\$4,258,985
Other Taxes	822,929	0	0	822,929
Investment Income	28,505	364	698	29,567
Other General Revenue	87,449	8,726	51,064	147,239
Fees and Permits	1,386,807	0	(93)	1,386,714
Operating Grants	99,523	20,000	0	119,523
Capital Grants	15,000	0	0	15,000
CARES Act Grants	628,982	0	0	628,982
Total Revenues	<u>6,795,807</u>	<u>561,463</u>	<u>51,669</u>	<u>7,408,939</u>
EXPENDITURES				
General Government				
Personel Services	316,098	0	0	316,098
Materials and Supplies	15,997	0	0	15,997
Other Services and Charges	166,713	197,985	31,896	396,594
Capital Outlay	66,050	0	0	66,050
Public Safety				
Personel Services	2,262,078	0	0	2,262,078
Materials and Supplies	84,145	0	0	84,145
Other Services and Charges	288,746	0	0	288,746
Capital Outlay	99,806	0	0	99,806
Transportation				
Personel Services	384,674	0	0	384,674
Materials and Supplies	85,658	0	0	85,658
Other Services and Charges	77,732	0	0	77,732
Capital Outlay	179,032	438,625	14,500	632,157
Culture and Recreation				
Personel Services	303,351	0	0	303,351
Materials and Supplies	119,185	0	0	119,185
Other Services and Charges	155,775	96,833	0	252,608
Capital Outlay	28,141	12,625	11,091	51,857
Development Services				
Other Services and Charges	0	45,351	0	45,351
Capital Outlay	0	79,760	0	79,760
Total Expenditures	<u>4,633,181</u>	<u>871,179</u>	<u>57,487</u>	<u>5,561,847</u>
Excess of Revenue Over (Under) Expenditures	2,162,626	(309,716)	(5,818)	1,847,092
OTHER FINANCING SOURCES (USES)				
Transfers out	0	0	0	0
Transfers in	0	0	0	0
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	<u>2,162,626</u>	<u>(309,716)</u>	<u>(5,818)</u>	<u>1,847,092</u>
Fund Balance - Beginning of Year	<u>2,768,942</u>	<u>420,560</u>	<u>182,160</u>	<u>3,371,662</u>
Fund Equity - End of Year	<u>\$4,931,568</u>	<u>\$110,844</u>	<u>\$176,342</u>	<u>\$5,218,754</u>

See accompanying footnotes and independent auditors' report.

City of Wagoner, Oklahoma

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

For the Year Ending June 30, 2021

Net changes in fund balances-total governmental funds \$1,847,092

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

Government funds report capital outlays as expenditures. However, in the Statement of Revenues, Expenditures and Changes in Fund Balance, the cost of those assets is depreciated over their estimated useful lives:

Expenditures for capital assets	730,142	
Less current year depreciation	<u>(510,593)</u>	219,549

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 85,351

Compensated absences and pension accrual not payable from current year resources are not reported as expenditures of the current year. In the Statement of Activities, these costs represent expenses of the current year. 1,177,955

Change in net assets of governmental activities \$3,329,947

See accompanying footnotes and independent auditors' report.

City of Wagoner, Oklahoma
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

For the Year Ending June 30, 2021

	Business-type Activities-Enterprise Funds		
	Utilities	EMS	Totals
ASSETS			
Current Assets			
Cash and cash equivalents	\$5,541,699	\$558,599	\$6,100,298
Other current assets	668	0	668
Accounts receivable- trade	616,447	470,056	1,086,503
Internal balances	62,461	0	62,461
Inventory	518,429	0	518,429
Total Current Assets	<u>6,739,704</u>	<u>1,028,655</u>	<u>7,768,359</u>
Noncurrent Assets			
Depreciable capital assets, net	16,723,423	334,616	17,058,039
Restricted cash	1,620,527	0	1,620,527
Debt issue costs, net	5,010	0	5,010
Total Noncurrent Assets	<u>18,348,960</u>	<u>334,616</u>	<u>18,683,576</u>
	<u>\$25,088,664</u>	<u>\$1,363,271</u>	<u>\$26,451,935</u>
LIABILITIES			
Current Liabilities			
Accounts/encumbrances payable	\$504,967	\$16,525	\$521,492
Accrued interest	92,151	10,724	102,875
Accrued payroll and benefits	82,894	33,511	116,405
Accrued expenses	748,073	0	748,073
Current portion long-term debt	756,920	89,018	845,938
Internal balances	187,241	17,049	204,290
Total Current Liabilities	<u>2,372,246</u>	<u>166,827</u>	<u>2,539,073</u>
Noncurrent Liabilities			
Compensated absences	134,643	39,031	173,674
Long-term debt	8,369,697	286,187	8,655,884
Total Liabilities	<u>10,876,586</u>	<u>492,045</u>	<u>11,368,631</u>
NET ASSETS			
Invested in capital assets net debt	7,596,806	(40,589)	7,556,217
Restricted for deposits/debt	907,564	0	907,564
Restricted for other purposes	2,370,781	106,116	2,476,897
Unrestricted	3,336,927	805,699	4,142,626
Total Net Assets	<u>\$14,212,078</u>	<u>\$871,226</u>	<u>\$15,083,304</u>

See accompanying footnotes and independent auditors' report.

City of Wagoner, Oklahoma
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS
For the Year Ending June 30, 2021

	Business-type Activities-Enterprise Funds		
	Utilities	EMS	Totals
Operating Revenues			
Charges for services	\$11,150,216	\$838,500	\$11,988,716
Grants & Donations	0	106,901	106,901
Billed Ambulance Subscription	0	595,404	595,404
Total Operating Revenue	<u>11,150,216</u>	<u>1,540,805</u>	<u>12,691,021</u>
Operating Expenses			
Expense	9,777,574	1,291,433	11,069,007
Depreciation	853,542	98,705	952,247
Total Operating Expenses	<u>10,631,116</u>	<u>1,390,138</u>	<u>12,021,254</u>
Operating Income	519,100	150,667	669,767
Non-operating Income/(Expense)			
Non-operating expense	(298,904)	(13,240)	(312,144)
Non-operating income	127,146	68,405	195,551
Total Other Income	<u>(171,758)</u>	<u>55,165</u>	<u>(116,593)</u>
Changes in Net Position	347,342	205,832	553,174
Net Assets-Beginning of Year	<u>13,864,736</u>	<u>665,394</u>	<u>14,530,130</u>
Net Assets-End of Year	<u><u>\$14,212,078</u></u>	<u><u>\$871,226</u></u>	<u><u>\$15,083,304</u></u>

See accompanying footnotes and independent auditors' report.

City of Wagoner, Oklahoma
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ending June 30, 2021

	Business-type Activities-Enterprise Funds		
	Utilities	EMS	Totals
Cash Flows From Operating Activities:			
Receipts from Customers	\$11,036,804	\$1,435,930	\$12,472,734
Payment to Suppliers	(8,015,415)	(449,973)	(8,465,388)
Payment to Employees	(1,675,806)	(828,424)	(2,504,230)
Net Cash Provided by Operations	<u>1,345,583</u>	<u>157,533</u>	<u>1,503,116</u>
Cash Flows From Noncapital Financing Activities:			
Other NonOperating Income	46,971	68,405	115,376
Interest Paid on Long Term Debt	(298,904)	(13,240)	(312,144)
Accounts Payable Affiliates	0	0	0
Increase in Interfund Payables	(19,392)	(8,239)	(27,631)
Net Cash (Used) by Noncapital Financing Activities	<u>(271,325)</u>	<u>46,926</u>	<u>(224,399)</u>
Cash Flows From Capital and Related Financing Activities:			
Proceeds from Issuance of Debt	0	117,500	117,500
Increase in Debt issue costs	0	0	0
Payment of Debt	(553,116)	(83,947)	(637,063)
Disposal of Asset	1,655	0	1,655
Purchase of Capital Assets	(184,278)	(74,411)	(258,689)
Net Cash (Used) by Capital and Related Financing Activities	<u>(735,739)</u>	<u>(40,858)</u>	<u>(776,597)</u>
Cash Flows From Investing Activities:			
Receipts of Interest and Dividends	78,520	0	78,520
Decrease in Cash Reserve	(44,462)	0	(44,462)
Net Cash (Used) by Investing Activities	<u>34,058</u>	<u>0</u>	<u>34,058</u>
Net Increase in Cash and Cash Equivalents	372,577	163,601	536,178
Cash and Cash Equivalents at Beginning of Year	5,169,122	394,998	5,564,120
Cash and Cash Equivalents at End of Year	<u>\$5,541,699</u>	<u>\$558,599</u>	<u>\$6,100,298</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used) Operating Activities:			
Operating Income (Loss)	\$519,100	\$150,667	\$669,767
Adjustments to reconcile operating income to net cash provided by operations:			
Add Depreciation Expense	853,542	98,705	952,247
(Increase) Decrease Current Assets			
(Increase) Decrease Receivables, net	(113,412)	(104,875)	(218,287)
(Increase) Decrease Prepaid Expenses	0	0	0
(Increase) Decrease Inventories	3,285	0	3,285
Increase (Decrease) Current Liabilities			
Increase (Decrease) Accounts Payable	41,627	3,741	45,368
Increase (Decrease) Accrued Liabilities	41,441	9,295	50,736
Net Cash Provided by (Used in) Operating Activities	<u>\$1,345,583</u>	<u>\$157,533</u>	<u>\$1,503,116</u>
Interest Expense	<u>\$298,904</u>	<u>\$13,240</u>	<u>\$312,144</u>

See accompanying footnotes and independent auditors' report.

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City of Wagoner, Oklahoma
STATEMENT OF FIDUCIARY NET ASSETS
For the Year Ending June 30, 2021

	PENALTY ASSESSMENT
ASSETS	
Cash and cash equivalent	\$3,633
Due from other funds	2,178
	<hr/>
Total Assets	\$5,811
	<hr/> <hr/>
LIABILITIES	
Due to state agencies	\$1,143
Due to other funds	0
	<hr/>
Total Liabilities	1,143
	<hr/>
NET ASSETS	
Held in trust	4,668
	<hr/>
Total Liabilities and Net Assets	\$5,811
	<hr/> <hr/>

See accompanying footnotes and independent auditors' report.

City of Wagoner, Oklahoma
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the Year Ending June 30, 2021

CHANGES IN NET ASSETS		PENALTY ASSESSMENT
ADDITIONS		
Penalty assessment received		<u>\$ 30,469</u>
Total Additions		30,469
DEDUCTIONS		
Materials and supplies		0
Penalty assessment sent to state		<u>30,469</u>
Total Deductions		<u>30,469</u>
Change in Net Assets		0
Net Assets - July 1, 2020		<u>4,668</u>
Net Assets - June 30, 2021		<u><u>\$ 4,668</u></u>

See accompanying footnotes and independent auditors' report.

CITY OF WAGONER

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ending June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The City of Wagoner, Wagoner, Oklahoma operates under an aldermanic form of government. The Chief Executive Officer of the City is Mayor. The legislative function is performed by a Board of Trustees. The City's major operations include the following services as authorized by Oklahoma Statute: public safety (police and fire), highway and streets, culture and recreation, public improvements, planning and zoning, and general administrative services. The accompanying basic financial statements conform to accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are proprietary fund and fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

In accordance with GASB Statement No. 34-*Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The effects of inter-fund activity, within the governmental and business-type activities columns, have been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program; (2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into generic fund types and broad fund categories as follows:

CITY OF WAGONER

The *Government-Wide Statement of Net Assets* presents the City's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

- *Invested in capital assets*, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.
- *Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. It is the City's policy to first utilize restricted resources to finance qualifying activities.
- *Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The *Governmental Funds Balance Sheet* present the City's non-fiduciary and non-proprietary assets and liabilities, with the difference reported as fund balance. Fund balance is reported in five categories:

- *Non-spendable fund balance* classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted fund balance* is reported as restricted when constraints placed on the use of resources are either:
 - Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
 - Imposed by law through constitutional provisions or enabling legislation.
- *Committed fund balances* are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.
- *Assigned fund balances* are amounts that are constrained by the government's *intent* to be used for specific purposes but are neither restricted nor committed.
- *Unassigned fund balance* is the residual classification for the general fund that represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes with the general fund.

Governmental Funds

- a. General Fund - The General Fund is the City's primary operating fund. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.
- b. Wagoner Cemetery Reserve Fund - A fund used to segregate accounts to be used for future land purchases for the cemetery to expand.
- c. Municipal Court Fund – A fund used to collect fines and fees for the City. These fines are transferred to the general fund monthly.
- d. Economic Development Fund – A fund used to collect one half of the proceeds from one cent of the City's Sales Tax used to develop and fund an economic development program for the City.

Basis of Accounting

Basis of Accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The "modified cash" basis is used by the City of Wagoner to recognize revenues and expenditures. Revenues must be "available"-- that is, collected within the period and available to pay liabilities incurred for expenditures of the period. Expenditures--for operations, capital outlay, and debt service--are recognized (1) when operating or capital outlay liabilities to be paid from governmental-type funds are encumbered and (2) when "general government" debt service (principal and interest) payments on long-term debt are due.

CITY OF WAGONER

Proprietary Fund Accounting

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

Enterprise Funds

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. Enterprise funds distinguish operating revenues and expenses from non-operating items. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses include the cost of operations and maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. The enterprise funds for the City are:

1) Gross Revenue Fund

The Gross Revenue Fund (Utility) accounts for the activities of the Wagoner Public Works Authority (the Authority) in much the same way that a private business would account for its activities. The intent of which being 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. The Authority provides electric service, water service, sewer service, and refuse collections for the residents of Wagoner, Oklahoma.

2) Ambulance Fund

The Ambulance Fund (EMS) is a separate enterprise fund with the main goal of providing emergency ambulance service to the citizens residing in the City of Wagoner and the surrounding area. Cost incurred by the Ambulance Fund are recovered in part by a per month assessment per water meter and by revenues received from ambulance runs.

Basis of Accounting

Wagoner Public Works Authority and EMS utilizes the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses when incurred. The Authority and EMS have adopted a policy of applying expenditures to restricted resources first when both restricted and unrestricted net assets are available.

Fiduciary Funds

The City records reserves to indicate that certain funds are legally segregated for a specific future use. The following is a fiduciary fund used by the City and a description:

Penalty Assessment Fund – An account used to collect the state's portion of fines. They are sent to the state monthly.

Budgets and Budgetary Accounting

The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

- In accordance with Oklahoma Statutes, prior to June 1, the City Superintendent submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. Oklahoma Statute requires that the budget be submitted in summary form. In addition, more detail line-item budgets are included for administrative control. The level of control for the detailed budget is at the department head-function level.

CITY OF WAGONER

- Public hearings are conducted to obtain taxpayer comment.
- Prior to June 30, the budget is legally enacted through passage of an ordinance.

The City Clerk is required to present a monthly report to the City Council showing any variance from the approved budget. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with budget laws of the State of Oklahoma. Appropriations lapse at the end of each fiscal year.

The City Council may authorize supplemental appropriations during the year. No supplemental appropriations may be made until the revenue has exceeded the amount estimated in the original budget, or from cash reserves that existed at the beginning of the fiscal year.

Cash and Cash Equivalents

The City has a policy that deposits can include demand and savings accounts and certificates of deposits. The City’s custodial credit risk policy is to only allow the City to use banks that are in the State of Oklahoma. The State of Oklahoma requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits.

Funds held in reserve are not considered to be part of cash.

Investments

Investments are stated at cost or amortized cost, which approximates market.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the governmental columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair value at the date of donation.

<u>Description</u>	<u>Method</u>	<u>Estimated Useful Life</u>
Building and improvements.....	Straight-line.....	40 Years
Vehicles.....	Straight-line.....	5 Years
Electric, sewer & water systems & improvements.....	Straight-line.....	40 Years
Equipment.....	Straight-line.....	10 Years

Inventories

Inventories are stated at cost. Inventory consists of repair and maintenance parts used for the utility grid of Wagoner Public Works Authority. A physical inventory is taken at the end of the year. The costs of governmental fund-type inventories are primarily recoded as expenditures when purchased rather than when consumed.

Compensated Absences

A total of 240 hours of vacation may be accumulated by each employee and carried over to the next year. Accrued vacation is recorded as a liability of the City. The City currently has accrued vacation of General Government \$177,762, EMS \$39,031, and Public Works \$134,643. When an employee is terminated or quits, accumulated vacation is paid.

The maximum sick leave that can be accrued is 800 hours. The City will pay \$25 for each accrued sick leave day, to the maximum of 100 days at either: death, disability retirement, retirement at age 65 or older, or early retirement age 55 or older, plus 10 years of continuous service. At year end the City had unrecorded sick leave of \$290,780, EMS \$37,853, and \$215,232 for the Public Works Authority. Accumulated sick leave pay is not paid at termination of employment and is therefore not included as a liability of the City in the financial statements.

CITY OF WAGONER

NOTE 2 – GARBAGE DISPOSAL CONTRACT

The City has contracted with an independent third party for its garbage pickup and disposal. Under terms of the agreement the City receives 50 cents per customer per month for maintaining the billings and accounts receivable related to the service. The balance of the payment is remitted to the contracting party.

NOTE 3 – CONCENTRATION OF CREDIT RISK

The City of Wagoner and the Wagoner Public Works Authority maintain their cash accounts in three banks located in Oklahoma. Interest bearing and non-interest-bearing accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Certificate of deposits are also guaranteed by the Federal Deposit Insurance Corporation up to \$250,000. Armstrong Bank utilizes their CDARS program to obtain a better return on interest for the Authority. For custodial risk each depository maintains segregated collateral in an amount proportionate to its deposits. Funds restricted for debt service are maintained by BOK Trust Services, an outside custodian. All accounts are fully insured through a combination of FDIC, pledged receipts and letters of credit as of June 30, 2021.

All safekeeping receipts are issued in the name of the City of Wagoner's treasurer.

NOTE 4 – ECONOMIC DEPENDENCY

The Wagoner Public Works Authority is dependent on the Grand River Dam Authority (G.R.D.A.) for their purchase of electricity used for re-sale. For the year ended June 30, 2020, the Wagoner Public Works Authority purchased \$3,974,673 worth of electricity from G.R.D.A. compared to \$4,476,646 at June 30, 2019.

CITY OF WAGONER

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021, was as follows:

	Balance 6/30/2020	Additions/ Deletions	Accumulated Depreciation	Balance 6/30/2021
Park Department	1,094,066	16,740	(734,376)	376,430
General Government	2,758,050	57,085	(1,537,342)	1,277,793
Civic Center	780,819	0	(554,065)	226,754
Police Department	1,716,698	3,332	(1,388,843)	331,188
AMETEK/PRESTOLITE	0	0	0	0
Fire Department	1,474,917	4,402	(1,254,183)	225,136
INSP / Code Enforcement	2,810	0	(2,381)	429
Street Department	3,847,713	541,406	(2,626,954)	1,762,165
City Van Service	69,543	0	(69,543)	0
Library	1,539,321	0	(1,044,416)	494,905
Airport	2,320,371	77,852	(855,592)	1,542,631
Cemetery	393,531	4,324	(268,372)	129,483
Museum	187,396	25,000	(103,562)	108,834
Community Building	83,132	0	(52,854)	30,278
UNARCO	69,951	0	(33,171)	36,780
Animal Control	16,876	0	(13,018)	3,858
Municipal Court	24,718	0	(24,718)	0
	16,379,912	730,142	(10,563,390)	6,546,664
Ambulance	1,770,592	74,411	(1,510,387)	334,616
Electric System	6,350,584	67,700	(4,242,470)	2,175,814
Water and Sewer	12,347,104	113,698	(7,376,157)	5,084,645
Inventory Control	125,892	0	(84,126)	41,766
Shop	112,611	0	(108,794)	3,817
Brush	60,414	0	(28,695)	31,719
Water Plant	12,027,487	2,880	(3,063,160)	8,967,207
Water Park	1,036,300	0	(617,845)	418,455
	33,830,984	258,689	(17,031,634)	17,058,039
Total	50,210,896	988,831	(27,595,024)	23,604,703

CITY OF WAGONER

NOTE 6 – ACCOUNTS RECEIVABLE

As of June 30, 2021, the City of Wagoner had accounts receivable in the following amounts:

Governmental Activities:			
Sales Tax Receivable:			
General Fund	\$	317,014	
Economic Development Fund		45,288	
			362,302
Other Receivables			
Other Taxes		39,351	
Other Receivables		721	
			40,072
Other Current Assets			\$ 402,374
Business-type Activities:			
EMS Fund	\$	645,876	
Less: Allow. for Doubtful Acct.		(175,820)	
			470,056
Wagoner Public Works Authority		669,886	
Less: Allow. for Doubtful Acct.		(53,439)	
			616,447
Accounts Receivable Trade			\$ 1,086,503

NOTE 7 – ACCOUNTS RECEIVABLE & PAYABLE – AFFILIATED

Inter-fund receivables and payables are balances owed to and from funds within the City of Wagoner. The balances are held as current assets on their respective balance sheets.

	WPWA	Meter Fund	City Gen Fund	Disbursement Fund	Non-Major Funds	EMS	Penalty Assessmnts	Economic Development
Meter Fund	3,450	0	0	0	0	0	0	0
City of Wagoner GF	52,345	0	0	82,171	0	0	1,035	0
EMS Fund	0	0	0	17,049	0	0	0	0
Disbursements Fund	(177,124)	0	(82,171)	0	0	(17,049)	0	0
Wagoner Public WA	0	(3,450)	(52,345)	177,124	0	0	0	0
Municipal Court Fund	0	0	0	0	0	0	1,143	0
Penalty Assessment	0	0	(1,035)	0	(1,143)	0	0	0
Economic Development	0	0	0	0	0	0	0	0
Total	(121,329)	(3,450)	(135,551)	276,344	(1,143)	(17,049)	2,178	0

CITY OF WAGONER

NOTE 8 – TRANSFERS

Funds regularly transfer money to other funds. During the year ended June 30, 2021, the following transfers were made between funds included in the City of Wagoner and Wagoner Public Works Authority:

		Transfers In	Transfers Out	Total
Gen Govt	Transfer From WPWA	623,422	0	(623,422)
	Transfer From WPWA for Utilities	99,615	0	(99,615)
	Transfer From EDF	45,000	0	(45,000)
	Transfer From Cemetery Reserves	6,620	0	(6,620)
	Transfer to Capital Projects	0	12,900	12,900
Cap Projects	Transfer From EDF	485	0	(485)
	Transfer From General Fund	12,900	0	(12,900)
	Transfer From Cemetery Reserve	147	0	(147)
EDF	Transfer to General Fund (City)	0	45,000	45,000
	Transfer to Xmas Fund	0	10,000	10,000
	Transfer to City Cap Proj Fund	0	485	485
	Transfer to July 4th Celebration	0	15,000	15,000
	Transfer to WPWA	0	25,000	25,000
Non-Major	Transfer from EDF to July 4th Celebration	15,000	0	(15,000)
	Transfer from EDF to Christmas	10,000	0	(10,000)
	Transfer from Cemetery to City Capital	0	147	147
	Transfer from Cemetery to General Fund	0	6,620	6,620
WPWA	Transfer from EDF	25,000	0	(25,000)
	Transfer to City for Operations	0	601,000	601,000
	Transfer to City for Utilities	0	99,615	99,615
	Transfer to EMS	0	595,404	595,404
	Transfer to EMS for Utilities	0	11,791	11,791
	Transfer to Capital Projects Fund	0	22,422	22,422
EMS	Trans from WPWA for Utilities	11,791	0	(11,791)
	Trans from WPWA Billed Fees	595,404	0	(595,404)
	Total	1,445,384	1,445,384	0

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the appropriate fund as the debt service payments become due, (3) use restricted revenues collected in the general fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations. The transfer revenues are included in other general revenue and the transfer expenses are included in other services and charges.

CITY OF WAGONER

NOTE 9 – RELATED PARTY ACTIVITIES

The following expenditures were made to related parties which are governed by separate boards and are not included in the City of Wagoner financial statements:

EDF to Wagoner Chamber of Commerce	\$ 35,000
EDF to City of Wagoner Economic Development Authority	<u>136,000</u>
Total	\$ <u>171,000</u>

In October of 2006 the Wagoner Hospital Authority changed from an organization holding real property for lease to an operating hospital with a multi-million budget. The new operations required a substantial increase in working capital to fund payroll and other monthly operating expenses. A loan was made with First Bank & Trust Company, which is now Banc First, in Wagoner, Oklahoma for the amount of \$3,000,000 on July 13, 2007. Wagoner Public Works Authority collateralizes the note with its receipts and assets. The balance of the note as of June 30, 2021 was \$2,672,606. On December 6, 2016 the Authority signed a Guaranty Agreement with First Bank & Trust Company for a loan dated July 21, 2015 for \$1,000,000. The balance as of June 30, 2021 was \$344,962. There does not appear to be a reasonable probability the Wagoner Hospital Authority will default and Wagoner Public Works Authority will become liable for the balance.

NOTE 10 – NOTES PAYABLE

Governmental Funds:

The Government-Wide Statement of Net Assets includes \$177,762 in accrued compensated absences at June 30, 2021, which is included in the long-term debt group of accounts.

Business-Type Activities:

WPWA - OWRB 2008 Stimulus Loan - On September 15, 2009 the Wagoner Public Works Authority signed a promissory note with the Oklahoma Water Resources Board in the sum of \$1,200,000. The purpose of this promissory note is to construct improvements to the water system of Wagoner Public Works Authority. Interest is to accrue at the rate of 2.203% per annum plus an administrative fee of 0.5% per annum. The loan is carried on the books of Wagoner Public Works Authority net of debt forgiveness credits applied through the American Recovery and Reinvestment Act. Payments are remitted semi-annually every March and September 15th. The Authority has pledged and assigned the revenues and receipts derived from the operations of water, sanitary sewer, solid waste management and electric systems as security. The balance as of June 30, 2021 was \$455,864.

WPWA - OWRB Water Plant Loan - On August 27, 2012 the Wagoner Public Works Authority signed a 10-year promissory note with the Oklahoma Water Resources Board in the sum of \$4,250,000. The purpose of this promissory note was the refinancing of the May 3, 2005 loan. Interest is to accrue at an average fixed rate of 2.66%. The Authority has pledged and assigned the revenues and receipts derived from the operations of water, sanitary sewer, solid waste management, and electric systems as security. The balance as of June 30, 2021 was \$830,000.

October 1, Debt defeasance costs include a payoff premium on the old loan and a deposit to cover the payment of interest on the old loan from August 27, 2012 to 2014.

In addition to the debt defeasance cost Wagoner Public Works Authority incurred debt issuance costs of \$158,828, which are made up of: a) OWRB Administrative Fees of \$13,470, b) Underwriter's Discount of \$16,658, c) Legal and professional fees of \$108,315 and d) other costs of \$20,385.

Both the debt defeasance costs and the debt issuance costs are deferred and amortized over the life of the new debt using the effective interest method. Debt payable is reported net of the applicable premium and debt defeasance costs. Amortization for the current year was \$7,455 for OIP and \$18,835 for DDC. The current year interest expense in the financial statements includes amortization of debt defeasance cost, original issue premium of \$5,752, and debt issue costs totaling \$14,533.

CITY OF WAGONER

WPWA - OWRB 2012a Loan - On November 15, 2012, the Wagoner Public Works Authority signed a promissory note with the Oklahoma Water Resources Board in the sum of \$1,200,000. The purpose of this promissory note was for improvements to the drinking water system. Interest is to accrue at the fixed rate of 1.67% per annum inclusive of administrative fees of one half of one percent. The Authority has pledged and assigned the revenues and receipts derived from the operations of water, sanitary sewer, solid waste management, and electric systems as security. Semi-annual payments of principal, interest and administrative fees are to be paid directly to OWRB's trustee bank every March and September 15th. The balance as of June 30, 2021 was \$495,459.

WPWA - OWRB 2013 Loan - On August 26, 2013, the Wagoner Public Works Authority signed a promissory note with the Oklahoma Water Resources Board in the sum of \$7,710,000. The purpose of this promissory note was the construction of improvements to the drinking water system. This note shall bear interest at a rate of 3.12% per annum plus an administrative fee at the rate of 0.5% per annum on the outstanding balance of disbursed loan proceeds. The interest and administrative fee payments shall be made on a semi-annual basis, commencing on March 15, 2014 and continuing each March 15 and September 15 thereafter for the term of the loan. The principal repayment shall begin on the earlier of March 15 and September 15 following the project completion date or September 15, 2018 and shall continue semiannually for the term of the loan. The Authority has pledged and assigned the revenues and receipts derived from the operations of water, sanitary sewer, solid waste management, and electric systems as security. The balance as of June 30, 2021 was \$7,303,473.

WPWA - BANCFIRST – On January 1, 2020 the Wagoner Public Works Authority signed a promissory note with Banc First in Wagoner, Oklahoma for the sum of \$88,000. The purpose of this promissory note was to purchase equipment (Bucket Truck). The note shall bear interest at a rate of 2.9% per annum, with two annual payments of \$44,000 with first installment payable on January 3, 2021. The balance as of June 30, 2021 is \$44,000.

CITY- AMERICAN BANK – POLICE RADIOS- On January 19, 2017 the City of Wagoner signed a promissory note with The American Bank in the sum of \$346,689. The purpose of the promissory note was for the purchase and installation of radios. The note shall bear interest at a rate of 1.96% per annum. Interest and annual payments shall begin January 19, 2018 in the amount of \$73,446 and shall continue annually for five years. The balance of the note as of June 30, 2021 was \$72,042.

CITY- AMERICAN BANK – POLICE VEHICLES- On August 11, 2017 the City of Wagoner signed a promissory note with The American Bank in the sum of \$43,000. The purpose of the promissory note was for the purchase of 3 Dodge Durango police vehicles. The note shall bear interest at a rate of 2.49% per annum. Interest and annual payments shall begin August 11, 2019 in the amount of \$15,053 and shall continue annually for three years. The note was fully paid as of June 30, 2021.

CITY – AMERICAN BANK – GMC TRUCK- On August 7, 2020 the City of Wagoner signed a promissory note with The American Bank in the sum of \$16,200. The purpose of the promissory note was for the purchase of a 2020 GMC 1500 Sierra Truck. The note shall bear interest at a rate of 2.40% per annum. Interest and one-time annual payment shall be paid on August 7, 2021 in the amount of \$16,588. The balance of the note as of June 30, 2021 was \$16,200.

CITY- AMERICAN BANK – BOBCAT LOADER- On September 11, 2020 the City of Wagoner signed a promissory note with The American Bank in the sum of \$34,347. The purpose of the promissory note was for the purchase of a Bobcat Compact Truck Loader. The note shall bear interest at a rate of 2.00% per annum. Interest and annual payments shall begin September 11, 2021 in the amount of \$17,690 and shall continue annually for two years. The balance of the note as of June 30, 2021 was \$34,347.

CITY- AMERICAN BANK – BOBCAT EXCAVATOR - On September 11, 2020 the City of Wagoner signed a promissory note with The American Bank in the sum of \$33,665. The purpose of the promissory note was for the purchase of a Bobcat Compact Excavator. The note shall bear interest at a rate of 2.00% per annum. Interest and annual payments shall begin September 11, 2021 in the amount of \$17,339 and shall continue annually for two years. The balance of the note as of June 30, 2021 was \$33,665.

EMS – AMERICAN BANK – AMBULANCES - On December 11, 2018 the City of Wagoner signed a promissory note with The American Bank in the sum of \$419,968. The purpose of the promissory note was for the purchase of 2 Medix Ambulances. This note had an interest rate of 3.50% per annum. Interest and annual payments were to begin December 11, 2019 in the amount of \$93,015 and continue annually for five years. This note was refinanced on September 9, 2020 with purpose of purchasing a 2020 Ford E-450 Chassis with Fully Equipped Ambulance Patient Compartment and retiring the existing Ambulance loan indebtedness. The new promissory note was signed for \$375,205, with a four-year term with annual payments of \$102,150 bearing a 3.5% interest rate. The balance of the note as of June 30, 2021 was \$375,205.

CITY OF WAGONER

Long term debt indebtedness as of June 30, 2021 is as follows:

	City and WPWA			
	Balance		Principal	Balance
	7/1/2020	Proceeds	Payment	6/30/2021
OWRB Loan FAP-13-0002L	1,225,000	0	395,000	830,000
OWRB Note 8-29-12 OIP	8,883	0	7,455	1,428
Debt Defeasance Costs	(22,442)	0	(18,835)	(3,607)
OWRB ORF-09-0029-DW	496,572	0	40,708	455,864
OWRB Note 2012A	560,247	0	64,788	495,459
OWRB Note 8/26/13	7,323,473	0	20,000	7,303,473
American Bank	88,000	0	44,000	44,000
American Bank - City	142,705	0	70,663	72,042
Armstrong Bank	14,687	0	14,687	0
American Bank - City	0	16,200	0	16,200
American Bank - City	0	34,347	0	34,347
American Bank - City	0	33,665	0	33,665
American Bank - EMS	341,652	117,500	83,947	375,205
	10,178,777	201,712	722,413	9,658,076
Less Current Maturities				(967,849)
				8,690,227

Debt Service requirements as of June 30, 2021 is as follows:

	City and WPWA	
	Current	Debt
	Maturities	Service
2022	967,849	1,295,228
2023	1,039,348	1,331,632
2024	604,427	870,687
2025	626,034	870,689
2026	545,536	768,530
2027-2031	3,028,309	3,847,514
2032-2036	2,846,572	3,087,128
Thereafter	0	0
Total	9,658,076	12,071,408

CITY OF WAGONER

NOTE 11 – USE OF ESTIMATES

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

NOTE 12 – NET ASSETS

	Government-wide Funds	Governmental	Business-Type	Total
Capital Assets, Net (Note 5)		6,546,664	17,058,039	23,604,703
OWRB Notes		0	(9,082,617)	(9,082,617)
American/Arvest Bank Notes		(156,254)	(419,205)	(575,459)
Investment in Capital Assets, net of related debt		6,390,410	7,556,217	13,946,627
Net Assets Restricted for: Other Purposes				
Debt Service		0	907,564	907,564
Cash and CD's		0	712,963	712,963
Compensated Absences		177,762	173,674	351,436
Encumbrances & Accounts Payable		650,429	1,588,260	2,238,689
Pension Liability-Fire/Police		801,626	0	801,626
Non Major Restricted		176,342	0	176,342
Sales Tax EDF Net Assets		110,844	0	110,844
Restricted for Other Purposes		1,917,003	3,382,461	5,299,464
Total Invested/Restricted Net Assets:		\$8,307,413	\$10,938,678	19,246,091
Total Unrestricted Net Assets:		3,047,913	4,144,626	7,192,539
	Total Net Assets	11,355,326	15,083,304	26,438,630

	Governmental Funds	Economic	Total
	General	Development	Governmental
	Fund	Fund	Funds
Restricted: Non Major Funds			
Court Fund	0	0	46,938
Cemetery Fund	0	0	84,262
Capital Fund	0	0	100
Special Events	0	0	45,042
Restricted: Total	0	0	176,342
Restricted:	0	110,844	0
Assigned:			
Accts Payable, Accrued Exp.	634,558	0	634,558
Assigned: Total	634,558	0	634,558
Unassigned: Total	4,297,010	0	4,297,010
Total Governmental Funds	4,931,568	110,844	5,218,754

CITY OF WAGONER

NOTE 13 – RETIREMENT PLANS

Each qualified employee is included in one of three retirement plans in which the City participates. These are the Pooled Funding Group Annuity Contract, and Oklahoma Firefighters' Pension and Retirement Plan, and Oklahoma Police Pension & Retirement Plan. The City does not maintain the accounting records, hold the investments, or administer the firefighters' plan. The firefighters' plan is a statewide system administered by the State of Oklahoma. The Pooled Funding Group Annuity Contract is administered by New York Life Investment Management LLC who also has custody of the assets.

A summary of significant information for each of the retirement plans follows.

A. Pooled Funding Group Annuity Contract:

Plan Description - The City contributes to the Pooled Funding Group Annuity Contract, ("Plan") which is a cost-sharing multiple employer-defined contribution pension plan. The Plan was established by the City in accordance with the City Charter and State statutes. All full-time employees of the City and related agencies, except employees covered under the pension programs established for uniformed employees, are eligible to participate in the system. The Plan covers two participating entities, the City of Wagoner and the Wagoner Public Works Authority. Administrative costs of the Plan are paid by the City of Wagoner and Wagoner Public Works Authority. The Plan issues a stand-alone financial report and is not included in the report of a public employee retirement system or the report of the City. The underwriter for the City's retirement plan is New York Life Insurance Company. Terms of the retirement plan are as follows:

- The City pays into the fund an amount equal to 8% of each employee's base salary.
- An employee must be employed by the City a minimum of three years to be eligible to draw partial retirement.
- Amounts paid in for employees who terminate their employment with the City and have been employed by the City for less than three years, are distributed equally among all employees still in the retirement plan.
- An employee is eligible for full retirement at the end of seven years of service.

B. Oklahoma Firefighters' Pension and Retirement System

Plan Description

The Oklahoma Firefighters Pension and Retirement System (the "System") was established by legislative act and became effective on January 1, 1981. The System assumed responsibility for all previous existing municipal firefighters' pension plans in the state of Oklahoma. These municipalities transferred all existing pension assets and pension payment obligations to the System. The System recorded the investments at fair value as of the date of transfer. The System is administered by a 13-member board which acts as a fiduciary for investment of funds and the application of plan interpretations. At June 30, 2021, there were 473 cities, 28 fire protection districts, and 132 county fire departments participating in the System. For report purposes, the System is deemed to be the administrator of the Oklahoma Firefighters Pension and Retirement Plan (the "Plan"). The State of Oklahoma remits, through the Oklahoma Insurance Department, a portion of the insurance premium taxes collected by authority of the State of Oklahoma. As a result of these contributions, the State of Oklahoma is considered a non-employer contributing entity to the Plan.

Copies of reports may be obtained from Oklahoma Firefighters Pension and Retirement System at 4545 N. Lincoln Blvd. Suite 265, Oklahoma City, OK 73105.

The System is a part of the State of Oklahoma financial reporting entity, which is combined with other similar funds (multiple-employer, cost-sharing) to comprise the fiduciary pension trust funds of the State of Oklahoma.

The Oklahoma Firefighters Pension and Retirement System Board of Trustees (the "Board") is responsible for the operation, administration, and management of the System. The Board also determines the general investment policy of the System's assets. The Board is comprised of 13 members. Five members shall be the Board of Trustees of the Oklahoma State Firefighters Association, a 5-year term. One member shall be the President of the Professional Firefighters of Oklahoma or his designee. One member shall be the President of the Oklahoma State Retired Firefighters Association or his designee. One member shall be appointed by the Speaker of the House of Representatives, a 4-year term. One member shall be appointed by the President Pro Tempore of the Senate, a 4-year term. Two members shall be appointed by the President of the Oklahoma Municipal League, a 4-year term. One member shall be the State Insurance Commissioner or his designee. One member shall be the Director of the Office of Management and Enterprise Services or his designee.

CITY OF WAGONER

General

The Plan is a multiple-employer, cost sharing public employee retirement plan covering members who have actively participated in firefighting activities.

Contributions

Funding Policy - The contribution requirements of the Plan are at an established rate determined by Oklahoma statute and are not based on actuarial calculations.

Prior to November 1, 2013, participating paid firefighters contributed 8% of applicable earnings, while member cities contributed 13% of the members' applicable earnings. For the period beginning November 1, 2013, participating paid firefighters contributed 9% of applicable earnings, while member cities contributed 14% of the members' applicable earnings. In addition, the member cities contribute \$60 for each volunteer firefighter unless their annual income in the general fund is less than \$25,000, in which case they are exempt. Prior to November 1, 2013, the State of Oklahoma, a non-employer contributing entity, allocated 34% of insurance premium tax collected from various types of insurance policies to the Plan. For the period beginning November 1, 2013, through June 30, 2020, the State of Oklahoma, a non-employer contributing entity, allocated 36% of insurance premium tax collected from various types of insurance policies to the Plan. Effective September 1, 2020, the State of Oklahoma, a non-employer contributing entity, allocated 25.2% of insurance premium tax collected from various types of insurance policies to the Plan. The State of Oklahoma may also appropriate additional funds annually as needed to pay current costs and to amortize the unfunded actuarial present value of accumulated plan benefits. No such appropriations were received during the year ended June 30, 2021 or 2020.

Benefits Provided

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

Normal Retirement

Hired Prior to November 1, 2013

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

Hired After November 1, 2013

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

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

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit. For the years ended June 30, 2021 and 2020, total death benefits of \$1,395,000 and \$1,040,000, respectively, were paid from the Plan.

CITY OF WAGONER

Terminations

Hired Prior to November 1, 2013

A member who terminates after 10 years of credited service is eligible for a vested severance benefit determined by the normal retirement formula, based on service and salary history to date of termination. The benefit is payable at age 50 or when the member would have completed 20 years of service, whichever is later, provided the member's contribution accumulation is not withdrawn. Members terminating with less than 10 years of credited service may elect to receive a refund of their contribution accumulation without interest.

Hired After November 1, 2013

A member who terminates after 11 years of credited service is eligible for a vested severance benefit determined by the normal retirement formula, based on service and salary history to date of termination. The benefit is payable at age 50 or when the member would have completed 22 years of service, whichever is later, provided the member's contribution accumulation is not withdrawn. Members terminating with less than 11 years of credited service may elect to receive a refund of their contribution accumulation without interest.

Firefighters hired prior to November 1, 2013, with 20 or more years of service may elect to participate in the Oklahoma Firefighters Deferred Retirement Option Plan (the "Deferred Option Plan"). Firefighters hired after November 1, 2013, with 22 or more years or more of service may elect to participate in the Deferred Option Plan. Active participation (having benefit payments credited to the account) in the Deferred Option Plan shall not exceed 5 years. Under the Deferred Option Plan, retirement benefits are calculated based on compensation and service at the time of election. The retirement benefits plus half of the municipal contributions on behalf of the participant are deposited into a deferred retirement account. The Deferred Option Plan accounts are credited with interest at a rate of 2% below the rate of return on the investment portfolio of the Plan, with a guaranteed minimum interest rate equal to the assumed actuarial interest rate of 7.5%, as approved by the Board. The participant is no longer required to make contributions. Upon retirement, the firefighter receives his/her monthly retirement benefit as calculated at the time of election. A member shall receive, at the option of the member, a lump-sum payment from the account equal to the payments to the account or an annuity based upon the account of the member or may elect any other method of payment if approved by the Board of Trustees. Any remaining account balance in the Deferred Option Plan account will continue to earn interest on the balance at the rate described above, however, no more benefit payments will be credited to the account. Any remaining account balance when the member reaches 72 years of age must either be distributed in regular monthly payments based on the annuity method, or a lump sum distribution. As of June 30, 2021 and 2020, there were 2,940 and 2,789 members, respectively, actively participating in the Deferred Option Plan.

The Deferred Option Plan was modified effective November 1, 2013, to limit post-retirement interest for new members to a rate of return on the portfolio, less a 1% administrative fee. In addition, the members participating must withdraw all money by the age of 72.

In the 2003 Legislative Session, Senate Bill 286 and House Bill 1464 created a "Back" DROP for members of the System effective July 1, 2003. The "Back" DROP is a modified deferred retirement option plan. The "Back" DROP allows the member flexibility by not having to commit to terminate employment within 5 years. Once a member has met their normal retirement period of 20 years for those hired prior to November 1, 2013, and 22 years for those hired after November 1, 2013, the member can choose, upon retirement, to be treated as if the member had entered into the Deferred Option Plan. A member, however, cannot receive credit to the Deferred Option Plan account based upon any years prior to when the member reached their normal retirement date. Once a member is ready to retire, the member can make the election to participate in the "Back" DROP and can receive a Deferred Option Plan benefit based upon up to 5 years of participation. The member's regular retirement benefit will not take into account any years of service credited to the "Back" DROP. As of June 30, 2021 and 2020, there were 1,785 and 1,617 members, respectively, participating in the "Back" DROP.

Firefighters with 20 years of service or who were receiving pension benefits as of May 26, 1983, are entitled to post-retirement adjustments equal to one-half the increase or decrease for top-step firefighters. Pensions will not be adjusted below the level at which the firefighter retired.

CITY OF WAGONER

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the City’s proportionate share of the net pension liability was \$801,627. The net pension liability for the plan in total was measured as of June 30, 2021 and determined by an actuarial valuation as of that date. The City’s proportionate share of the total net pension liability was based on the ratio of actual contributions of \$54,701 paid to OFPRP for the year ended June 30, 2021 relative to the actual contributions of \$44,938,960 from all participating employers. At June 30, 2021, the district's proportionate share was 0.122%. For the year ended June 30, 2021, the City recognized a pension expense of \$289,523, our proportionate share of the total pension expense.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources from the following sources related to pension benefits:

	Outflows	Inflows
Balance of Deferred Outflows and Inflows due to:		
Differences between expected and actual experience	191,114	0
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	106,070	(129,559)
Total	297,184	(129,559)
Other amounts reported as deferred outflows/(inflows) of resources to be recognized in pension expense:		
Year Ending June 30:		
2021	31,854	
2022	61,880	
2023	46,002	
2024	27,889	
2025	0	
	167,625	

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2021 and 2020, using the following actuarial assumptions, applied to all prior periods included in the measurement:

- Inflation: 2.75%
- Salary increases: For paid firefighters 2.75% to 10.5%, not applicable for volunteer firefighters
- Investment rate of return: 7.5% net of pension plan investment expense

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

The actuarial assumptions used in the July 1, 2021 and 2020 valuation was based on the results of the actuarial experience study for the period July 1, 2013 to July 30, 2018.

Fiduciary Net Position – the System issues a publicly available financial report that can be obtained at www.ok.gov/fprs/.

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Expected Rate of Return

The long-term expected rate of return on the Plan’s 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. The inflation factor added back was 2.26% for both 2021 and 2020. Best estimates of arithmetic real rates of return for each major asset class included in the Plan’s target asset allocation as of June 30 (see discussion of the Plan’s investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	
	(includes inflation factor)	
	2021	2020
Fixed income	3.53%	4.38%
Domestic equity	5.73%	7.41%
International equity	8.50%	9.82%
Real estate	7.97%	7.70%
Other assets	4.73%	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 Oklahoma statutes. Projected cash flows also assume the State of Oklahoma will continue contributing an allocation of the insurance premium, as established by Oklahoma statute. Prior to July 1, 2020, the Plan was allocated 36% of the Statewide insurance premium tax. The State of Oklahoma has passed legislation that changes the allocation percentage as follows:

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

The Plan will also receive \$40,625 each year from July 1, 2020 through June 30, 2027. Based on these assumptions, the 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 the Plan’s investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

At June 30, 2021	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	1,029,146,525	658,566,487	348,315,187
City's proportionate liability (asset)	1,252,707	801,627	423,979

Summary of Significant Accounting Policies

Financial reporting information pertaining to the Town’s participation in the Plan as reported at June 30, 2021: Net Position: \$4,285,632, Net Pension Liability: \$801,627, Deferred outflows: \$297,184, Deferred inflows: (\$129,559), in accordance with Governmental Accounting Standards Board ("GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.

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The financial statements are prepared using the accrual basis of accounting, under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period in which they are earned and become measurable, and investment purchases and sales are recorded as of their trade date. Contributions to the Plan are recognized when due pursuant to formal commitments, as well as statutory or contractual requirements. Benefit payments and refunds of the Plan are recognized when due and payable in accordance with the terms of the Plan.

The fiduciary net position, as well as additions to and deductions from the fiduciary net position, of the Plan have been determined on the same basis as they are reported by the System. The fiduciary net position is reflected in the measurement of the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense.

C. Oklahoma Police Pension & Retirement System

Plan Description

The Oklahoma Police Pension and Retirement System (the “System”) was established by legislative act and became effective on January 1, 1981. The System is the administrator of a multiple-employer, cost-sharing defined benefit pension plan that provides participants with retirement, death, and disability benefits and a deferred option plan (the “Deferred Option”), both established by the State of Oklahoma. These plans are considered a single plan for financial reporting purposes. The System is part of the State of Oklahoma financial reporting entity and is included in the State of Oklahoma’s financial reports as a pension trust fund. The System covers substantially all police officers employed by the 148 participating municipalities and state agencies within the state of Oklahoma. The System administers the Oklahoma Police Pension and Retirement Plan (the “Plan”). For report purposes, the System is deemed to be the administrator of the Plan. The State of Oklahoma remits, through the Oklahoma Insurance Department, a portion of the insurance premium taxes collected by authority of the State. As a result of these contributions, the State is considered a non-employer contributing entity to the Plan.

Copies of reports may be obtained from Oklahoma Police Pension and Retirement System 1001 N.W. 63rd Street, Suite 305, Oklahoma City, OK 73116-7335.

The System is a part of the State of Oklahoma financial reporting entity, which is combined with other similar funds (multiple-employer, cost-sharing) to comprise the fiduciary-pension trust funds of the State of Oklahoma.

The Oklahoma Police Pension and Retirement System Board of Trustees (the “Board”) is responsible for the operation, administration, and management of the System. The Board also determines the general investment policy of the System’s assets. The Board is comprised of 13 members. Six members are active System members and represent specific geographic areas of the state. They must work for a police department physically located in the district they serve. The 7th district shall be represented by a retired member of the System and encompasses the entire state area. These elected members serve 3-year terms. The remaining six members are either governmental office holders or are appointed as follows: one by the Speaker of the House of Representatives, one by the President Pro Tempore of the Senate, one by the Governor, and one by the President of the Oklahoma Municipal League; the final two members of the Board are the State Insurance Commissioner or designee and the Director of the Office of Management and Enterprise services or designee. The appointees and office holders or designees all serve a 4-year term, with the governor appointee’s term being coterminous with that office. The appointees of the board or designees of ex officio members should have either demonstrated professional experience in investment or funds management, demonstrated experience in the banking profession, be licensed to practice law in the state and have demonstrated professional experience in commercial matters, or be licensed by the Oklahoma Accountancy Board to practice in this state as a public accountant or a certified public accountant.

General

The Plan is a multiple-employer, cost-sharing defined benefit pension plan covering members who have actively participated in being a police officer for an Oklahoma municipality or state agency which is a member of the Plan.

Contributions

The contribution requirements of the Plan are at an established rate determined by Oklahoma statute and are not based on actuarial calculations.

An eligible municipality may join the Plan on the first day of any month. Upon approval by the Board, its membership is irrevocable. All persons employed as police officers are required to participate in the Plan upon initial employment with the police department of the participating municipality. The Oklahoma Legislature has authority to establish and amend

CITY OF WAGONER

contribution amounts. Until July 1, 1991, each municipality contributed to the System 10% of the actual base salary of each participant employed by the municipality. Beginning July 1, 1991, municipality contributions increased by 1/2% per year and continued this increase until July 1, 1996, when the contribution level reached 13%, which it remains at currently. Each participant of the Plan contributes 8% of their actual paid base salary. Additional funds are provided to the Plan by the State of Oklahoma, a non-employer contributing entity, through an allocation of the tax on premiums collected by insurance companies operating in Oklahoma and by the net investment income generated on assets held by the Plan. The Plan is responsible for paying administrative costs. Administrative costs of the Plan are paid by using the earnings from the invested assets of the Plan.

Benefits Provided

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

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 unless the disability is due to a violent act in the line of duty. In such cases, as determined by the Board, there will be no reduction in the monthly benefit. 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. Effective July 1, 1999, a \$5,000 death benefit is also paid, in addition to any survivor's pension benefits under the Plan, to the participant's beneficiary or estate for active or retired members.

The Deferred Option allows participants otherwise eligible for a normal retirement benefit to defer terminating employment and drawing retirement benefits for a period not to exceed 5 years. Under the Deferred Option, retirement benefits are calculated based on compensation and service at the time of election and a separate account is established for each participant. During the participation period, the employee's retirement benefit is credited to the participant's account along with a portion of the employer's contribution and interest. Interest is credited at a rate of 2% below the rate of return on the investment portfolio of the Plan, with a guaranteed minimum interest equal to the assumed actuarial interest of 7.5%. Employee contributions cease once participation in the Deferred Option is elected. At the conclusion of participation in the Deferred Option, the participant will receive the balance in the separate account under payment terms allowed by the Deferred Option and will then begin receiving retirement benefit payments as calculated at the time of election.

In the 2003 Legislative Session, Senate Bill 688 and House Bill 1464 created a "Back" DROP for members of the System. The "Back" DROP is a modified deferred retirement option plan. The "Back" DROP allows the member flexibility by not having to commit to terminate employment within 5 years. Once a member has met their normal retirement period of 20 years, the member can choose, upon retirement, to be treated as if the member had entered into the "Back" DROP. A member, however, cannot receive credit to the "Back" DROP account based upon any years prior to when the member reached their normal retirement date. Once a member is ready to retire, the member can make the election to participate in the "Back" DROP and can receive a "Back" DROP benefit based upon up to 5 years of participation. The member's regular retirement benefit will not take into account any years of service credited to the "Back" DROP.

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In 2006, the Board approved a method of payment called the Deferred Option Payout Provision (the “Payout Provision”). The Payout Provision allows a retired member who has completed participation in the Deferred Option or the “Back” DROP the ability to leave their account balance in the Plan. The retired member’s account balance will be commingled and reinvested with the total assets, and therefore the member will not be able to direct their personal investments. Written election must be made to the Board no more than 30 days following the termination of employment.

Upon participating in the Payout Provision, a retired member shall not be guaranteed a minimum rate of return on their investment. A retired member shall earn interest on their account as follows:

- a) The retired member shall earn two percentage points below the net annual rate of return of the investment portfolio of the System.
- b) If the portfolio earns less than a 2% rate of return, but more than zero, the retired member shall earn zero percentage points.
- c) If the portfolio earns less than zero percentage points, there shall be a deduction from the retired member’s balance equal to the net annual rate of return of the investment portfolio of the System.

Interest as earned above shall be credited to the retired member’s account.

The Oklahoma Legislature has the authority to grant percentage increases or special one-time payments to persons receiving benefits from the Plan. Additionally, certain retirees are entitled to receive a cost of living adjusting (COLA) when a COLA is granted to active police officers in the retiree’s city. Participants eligible to receive both types of benefit increases are to receive the greater of the legislative increase or the benefit increase the participant would receive pursuant to the COLA provision.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the City’s proportionate share of the net pension liability was (\$542,130). The net pension liability for the plan in total was measured as of June 30, 2021 and determined by an actuarial valuation as of that date. The City’s proportionate share of the total net pension liability was based on the ratio of actual contributions of \$49,204 paid to OPFRP for the year ended June 30, 2021 relative to the actual contributions of \$43,539,254 from all participating employers. At June 30, 2020, the district’s proportionate share was 0.113%. For the year ended June 30, 2021, the district recognized a pension expense of \$152,563, our proportionate share of the total pension expense.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources from the following sources related to pension benefits:

		Outflows	Inflows
Balance of Deferred Outflows and Inflows due to:			
Differences between expected and actual experience		3,358	(35,247)
Changes of assumptions		13,333	0
Net difference between projected and actual earnings on pension plan investments		183,300	(30,172)
Total		199,991	(65,419)
Other amounts reported as deferred outflows/(inflows) of resources to be recognized in pension expense:			
	Year Ending June 30:		
	2021	18,805	
	2022	38,929	
	2023	50,117	
	2024	29,136	
	2025	(2,414)	
		134,573	

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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2021 and 2020, 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
Cost-of-living adjustments:	Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% (wage inflation).
Mortality rates:	<p>Active employees (pre-retirement): RP-2000 Combined Blue Collar Healthy Table with age set back 4 years with fully generational improvement using Scale AA.</p> <p>Active employees (post-retirement) and nondisabled pensioners: RP-2000 Combined Blue Collar Healthy Table with fully generational improvement using scale AA.</p> <p>Disabled pensioners: RP-2000 Combined Blue Collar Healthy Table with age set forward 4 years.</p>

The actuarial assumptions used in the July 1, 2021 and 2020, valuation was based on the results of an actuarial experience study for the period of July 2012 to June 2017. The actuarial assumptions used in the July 1, 2020 and 2019, valuation was based on the results of an actuarial experience study for the Period July 2012 to June 2017.

Fiduciary Net Position – the System issues a publicly available financial report that can be obtained at www.ok.gov/opprs/.

Expected Rate of Return

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. The Plan fully exited its commodities allocation in fiscal year 2021 and has accordingly set that long term return expectation at 0.0%. The inflation factor added back was 2.0% for 2021 and 2.0% for 2020. 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 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return (includes inflation factor)	
	2021	2020
Fixed income	3.22%	5.11%
Domestic equity	4.55%	6.80%
International equity	8.50%	11.45%
Real estate	7.97%	8.60%
Private equity	9.36%	11.58%

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Discount Rate

The discount rate used to measure the total pension liability was 7.5% for 2021 and 2020. 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 the Oklahoma 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 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:

At June 30, 2021	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	(179,908,000)	(479,716,000)	(733,226,000)
City's proportionate liability (asset)	(203,315)	(542,130)	(828,624)

Summary of Significant Accounting Policies

Financial reporting information pertaining to the Town’s participation in the Plan as reported at June 30, 2021: Net Position: \$3,718,006, Net Pension Liability: (\$542,130), Deferred outflows: \$199,991, Deferred inflows: (\$65,419), in accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.

The financial statements are prepared using the accrual basis of accounting, under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period in which they are earned and become measurable, and investment purchases and sales are recorded as of their trade date. Member and employer contributions to the Plan are recognized when due pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the terms of the Plan.

The fiduciary net position, as well as additions to and deductions from the fiduciary net position, of the Plan have been determined on the same basis as they are reported by the System. The fiduciary net position is reflected in the measurement of the district's net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense.

NOTE 14 – EVALUATION OF SUBSEQUENT EVENTS

The City has evaluated subsequent events through the date which the financial statements were available to be issued with none found.

Required Supplemental Information

City of Wagoner, Oklahoma
BUDGET TO ACTUAL COMPARISON
 June 30, 2021

<u>GENERAL FUND</u>	ANNUAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE
Revenue Summary				
	\$ 5,772,255	\$ 5,978,358	\$ 6,847,476	\$ (869,118)
Adjustments	0	0	0	0
Total Revenue	5,772,255	5,978,358	6,847,476	(869,118)
Expenditure Summary				
General Government	1,257,090	1,287,090	596,754	690,336
Public Safety	2,482,826	2,494,359	2,734,775	(240,416)
Transportation	1,002,788	1,149,434	741,596	407,838
Culture and Recreation	804,148	822,072	617,543	204,529
Development Services	225,403	225,403	0	225,403
Total Expenditures	5,772,255	5,978,358	4,690,668	1,287,690
Excess of Revenue Over (Under) Expenditures	\$0	\$0	\$2,156,808	(\$2,156,808)
<u>EDF</u>				
Revenue Summary				
	\$ 1,078,637	\$ 1,195,977	\$ 561,463	\$ 634,514
Adjustments	0	0	0	0
Total Revenue	1,078,637	1,195,977	561,463	634,514
Expenditure Summary				
	1,078,637	1,195,977	871,179	324,798
Excess of Revenue Over (Under) Expenditures	\$0	\$0	(\$309,716)	\$309,716
<u>EMS</u>				
Revenue Summary				
	\$ 1,820,497	\$ 1,820,497	\$ 1,609,210	211,287
Adjustments	0	0	0	0
Total Revenue	1,820,497	1,820,497	1,609,210	211,287
Expenditure Summary				
Expenditures	1,820,497	1,820,497	1,304,673	515,824
Depreciation Expense	0	0	98,705	(98,705)
	1,820,497	1,820,497	1,403,378	417,119
Adjustments to Expenditures				
Excess of Revenue Over (Under) Expenditures	\$0	\$0	\$205,832	(\$205,832)

See notes and independent auditors' report.

City of Wagoner, Oklahoma

BUDGET TO ACTUAL COMPARISON CONTINUED

June 30, 2021

<u>PUBLIC WORKS FUND</u>		ANNUAL	FINAL		
		BUDGET	BUDGET	ACTUAL	VARIANCE
Revenue Summary					
	Total Revenue	\$13,537,760	\$13,537,760	\$11,277,362	\$ 2,260,398
Expenditure Summary					
	Water Plant	901,920	901,920	459,645	442,275
	Water Distribution	1,267,054	1,267,054	423,552	843,502
	Water Disposal	629,975	629,975	462,440	167,535
	Electric Distribution	609,229	609,229	313,144	296,085
	Electric Office	7,622,618	7,622,618	5,901,865	1,720,753
	Shop	1,957,760	1,957,760	1,740,606	217,154
	Inventory Control	221,127	221,127	195,401	25,726
	Water Disposal-Distribution	70,749	70,749	60,143	10,606
	Brush Department	257,328	257,328	206,550	50,778
	Bad Debt	0	0	14,228	(14,228)
	Interest Expense	0	0	298,904	(298,904)
	Depreciation	0	0	853,542	(853,542)
	Total Expenditures	13,537,760	13,537,760	10,930,020	2,607,740
	Revenues Over (Under) Expenditures	\$0	\$0	\$347,342	(\$347,342)

See notes and independent auditors' report.

CITY OF WAGONER
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)
COST SHARING PENSION PLANS
JUNE 30, 2021

	Increase (Decrease)		
	Total City Pensions		
	Total Pension Liability (Asset)	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Beg Balance at July 1, 2020	8,086,505	6,457,198	1,629,308
Changes for the year:			
Service Cost	161,747	0	161,747
Interest Cost	582,692	0	582,692
Changes of benefit terms	0	0	0
Difference Between expected and actual experience	227,958	0	227,958
Changes in assumptions	6,472	0	6,472
Contributions Employer	0	105,324	(105,324)
Contributions Members	0	66,437	(66,437)
Contributions State of Oklahoma	0	120,824	(120,824)
Net Investment Income	0	1,983,528	(1,983,528)
Benefit Payments including refunds	(802,242)	(724,765)	(77,477)
Administrative Expense	0	(4,909)	4,909
Other	0	0	0
Net Changes	<u>176,627</u>	<u>1,546,439</u>	<u>(1,369,812)</u>
Ending Balance at June 30, 2021	<u><u>8,263,132</u></u>	<u><u>8,003,636</u></u>	<u><u>259,496</u></u>

See notes and independent auditors' report.

CITY OF WAGONER
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION & CONTRIBUTIONS
COST SHARING PENSION PLANS
JUNE 30, 2021

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)

	OPP&RS POLICE							OPP&RS FIRE						
	<u>FY2021</u>	<u>FY2020</u>	<u>FY2019</u>	<u>FY2018</u>	<u>FY2017</u>	<u>FY2016</u>	<u>FY2015</u>	<u>FY2021</u>	<u>FY2020</u>	<u>FY2019</u>	<u>FY2018</u>	<u>FY2017</u>	<u>FY2016</u>	<u>FY2015</u>
City's proportion of the net pension liability (asset)	0.113%	0.118%	0.110%	0.069%	0.069%	0.000%	0.000%	0.122%	0.105%	0.106%	0.105%	0.105%	0.107%	0.104%
City's proportionate share of the net pension liability (asset)	\$ (542,130)	\$ 135,289	\$ (7,025)	\$ (32,984)	\$ 5,326	\$ -	\$ -	\$ 801,627	\$ 1,297,251	\$ 1,118,214	\$ 1,181,422	\$ 1,320,045	\$ 1,306,177	\$ 1,107,076
City's total employee payroll	\$ 3,066,122	\$ 3,081,544	\$ 2,812,667	\$ 2,748,932	\$ 2,803,630	\$ 3,024,232	\$ 2,586,622	\$ 3,066,122	\$ 3,081,544	\$ 2,812,667	\$ 2,748,932	\$ 2,803,630	\$ 3,024,232	\$ 2,586,622
Proportionate share of the net pension liability (asset) as a percentage of its total employee payroll	-17.681%	4.390%	-0.250%	-1.200%	0.190%	0.000%	0.000%	26.145%	42.097%	39.756%	42.977%	47.083%	43.190%	42.800%

SCHEDULE OF CONTRIBUTIONS

	OPP&RS POLICE							OPP&RS FIRE						
	<u>FY2021</u>	<u>FY2020</u>	<u>FY2019</u>	<u>FY2018</u>	<u>FY2017</u>	<u>FY2016</u>	<u>FY2015</u>	<u>FY2021</u>	<u>FY2020</u>	<u>FY2019</u>	<u>FY2018</u>	<u>FY2017</u>	<u>FY2016</u>	<u>FY2015</u>
Contractually required contributions	\$ -	\$ 49,204	\$ 49,800	\$ 43,638	\$ 26,843	\$ -	\$ -	\$ -	\$ 54,701	\$ 45,590	\$ 44,064	\$ 41,765	\$ 41,868	\$ 39,897
Contributions in relation to the contractually required contribution	-	(49,204)	(49,800)	(43,638)	(26,843)	-	-	-	(54,701)	(45,590)	(44,064)	(41,765)	(41,868)	(39,897)
Contribution deficiency (excess)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
City's total employee payroll	\$ 3,066,122	\$ 3,081,544	\$ 2,812,667	\$ 2,748,932	\$ 2,803,630	\$ 3,024,232	\$ 2,586,622	\$ 3,066,122	\$ 3,081,544	\$ 2,812,667	\$ 2,748,932	\$ 2,803,630	\$ 3,024,232	\$ 2,586,622
Contribution as a percentage of covered employee payroll	0.000%	1.597%	1.771%	1.587%	0.957%	0.000%	0.000%	0.000%	1.775%	1.621%	1.603%	1.490%	1.384%	1.542%

Note: These schedules are intended to show information for ten years. Additional years will be presented as they become available. Current year amounts are based on estimates due to reports not being available.

Supplemental Information

CITY OF WAGONER
Schedule of Expenditures of Federal Awards
For the Year Ending June 30, 2021

	<u>CFDA Number</u>	<u>Program Award</u>	<u>Program Expenditures</u>
U.S. Department of the Treasury (*)			
Coronavirus Relief Fund	21.019	707,982	707,982
Total Agency		<u>707,982</u>	<u>707,982</u>
U.S. Department of Transportation			
Highway Planning and Construction	20.205	961,651	360,773
Total Agency		<u>961,651</u>	<u>360,773</u>
		<u>\$1,669,633</u>	<u>\$1,068,755</u>

(*) Major Program

CITY OF WAGONER
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2021

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of City of Wagoner under programs of the federal and state government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Contracts* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Wagoner, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Wagoner.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular AO122, *Cost Principles for Non-profit Organizations*, where in certain types of expenditures are not allowable or are limited as to reimbursement.

Independent Auditors' 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 Wagoner
Wagoner, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Wagoner, Wagoner, Oklahoma (the City) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 21, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing in 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.



Clothier & Company CPA's P.C.

February 21, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the City Council
City of Wagoner
Wagoner, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the City of Wagoner, Wagoner, Oklahoma (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Clothier & Company CPA's P.C.
February 21, 2022

