

City of Wagoner
Wagoner, Oklahoma

Independent Auditor's Report and Financial Statements

For the Fiscal Year Ended
June 30, 2023

City of Wagoner
Wagoner, Oklahoma

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To the City Council of
City of Wagoner
Wagoner, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Wagoner, Oklahoma as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Wagoner, Oklahoma's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Wagoner, Oklahoma, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule 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 August 5, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Wagoner's internal control over financial reporting and compliance.



Hood & Associates CPAs, PC
August 5, 2024



To the City Council of
City of Wagoner
Wagoner, Oklahoma

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Wagoner, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Wagoner, Oklahoma's basic financial statements, and have issued our report thereon dated August 5, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Hood & Associates CPAs PC

Hood & Associates CPAs, PC

Tulsa, Oklahoma

August 5, 2024

HOOD & ASSOCIATES CPAs, PC

www.hoodcpas.com

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, 2023. Please read it in conjunction with the financial statements, which begin on page 12.

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 12-13) 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 14. 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 12. 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 13 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 15 and 17.
- **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, 2021, 2022 and 2023, net assets changed as follows:

	Governmental		Business-type		Total
	Activities		Activities		
Net assets June 30, 2016	8,055,508		13,411,098		21,466,606
Change 2017	(789,309) -9.80%		257,369 1.92%	■	(531,940) -2.48%
Net assets June 30, 2017	7,266,199		13,668,467		20,934,666
Change 2018	548,886 7.55%		184,704 1.35%	■	733,590 3.50%
Net assets June 30, 2018	7,815,085		13,853,171		21,668,256
Change 2019	726,376 9.29%		509,165 3.68%	■	1,235,541 5.70%
Net assets June 30, 2019	8,541,461		14,362,336		22,903,797
Change 2020	(167,611) -1.96%		162,260 1.13%	■	(5,351) -0.02%
Net assets June 30, 2020	8,373,850		14,524,596		22,898,446
Change 2021	■ 3,492,865 41.71%	■	574,929 3.96%	■	4,067,794 17.76%
Net assets June 30, 2021	11,866,715		15,099,525		26,966,240
Change 2022	571,324 4.81%	■	(474,513) -3.14%	■	96,811 0.36%
Net assets June 30, 2022	12,438,039		14,625,011		27,063,050
Change 2023	13,328 0.11%		1,073,095 7.34%	■	1,086,423 4.01%
Net assets June 30, 2023	12,451,366		15,698,108		28,149,473

This reflects an increase of .11% for Business-type activities and an increase of .60% for governmental activities for 2023 over June 30, 2022 balance.

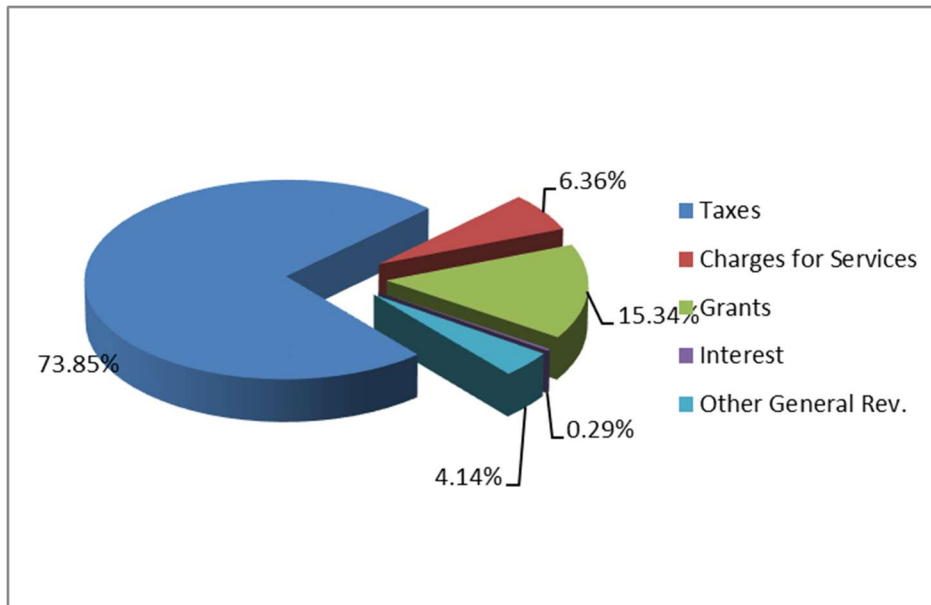
Governmental Activities

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:

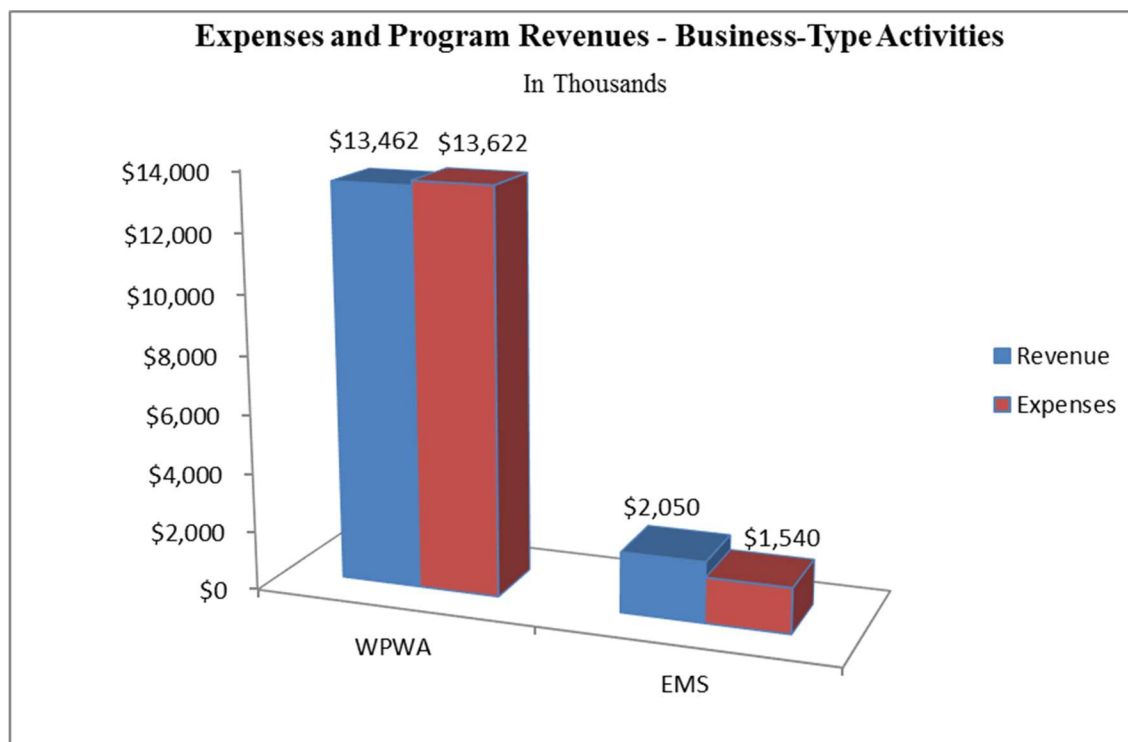
- General Government- Building permits, street permits, occupational licenses, and franchise fees.
- Police- Fines and 911 fees. More grants are categorized as operating grants.
- Fire- Outside city limits fire run charges.
- Civic Center- Building rental.
- Library- Fines- Operating grants include e-rate 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 2022 to 2023.

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, 2023 and the amounts and percentages of change in relation to 2022.

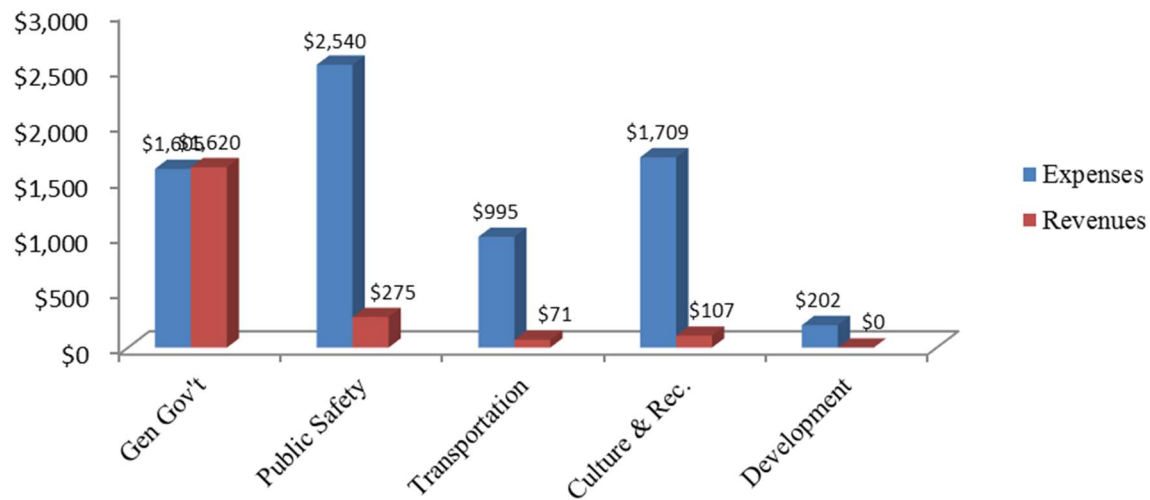
	<u>2023</u>		<u>Increase (Decrease)</u>	
	<u>Amounts</u>	<u>%</u>	<u>Amounts</u>	<u>%</u>
<u>Revenue:</u>				
1 Taxes	\$5,719,291	73.85%	\$335,574	6.23%
2 Charges for Services	\$492,776	6.36%	\$87,771	21.67%
3 Grants	\$1,188,167	15.34%	\$119,212	11.15%
4 Interest	\$22,792	0.29%	\$527	2.37%
5 Other General Rev.	\$320,949	4.14%	(\$255,497)	-44.32%
 Total Revenues	<u>\$7,743,975</u>	<u>100.00%</u>	<u>\$287,587</u>	
 <u>Expenditures:</u>				
Current Operating	3,593,807	56.68%	184,672	5.42%
Maintenance & Operations	2,295,663	36.21%	(896,894)	-28.09%
Capital Outlay	451,236	7.12%	451,236	
Total Expenditures	<u>6,340,706</u>	<u>100.00%</u>	<u>(260,986)</u>	

The following presents a summary of proprietary funds revenue and expenditures for the fiscal year ended June 30, 2023 and the amounts and percentages of change in relation to 2022.

	<u>2023</u>		<u>Increase</u>	
	<u>Amounts</u>	<u>%</u>	<u>(Decrease)</u>	<u>%</u>
<u>Revenue:</u>				
Utilities	\$13,461,694	86.78%	\$1,225,246	9.10%
Ambulance	<u>\$2,050,383</u>	<u>13.22%</u>	<u>\$636,607</u>	<u>31.05%</u>
 Total Revenues	<u>\$15,512,077</u>	<u>100.00%</u>	<u>\$1,861,853</u>	
 <u>Operating Expense</u>				
Utilities	\$13,622,402	89.84%	\$2,476,467	18.18%
Ambulance	<u>\$1,540,220</u>	<u>10.16%</u>	<u>\$84,845</u>	<u>5.51%</u>
 Total Operating Expenses	<u>\$15,162,622</u>	<u>100.00%</u>	<u>\$2,561,312</u>	

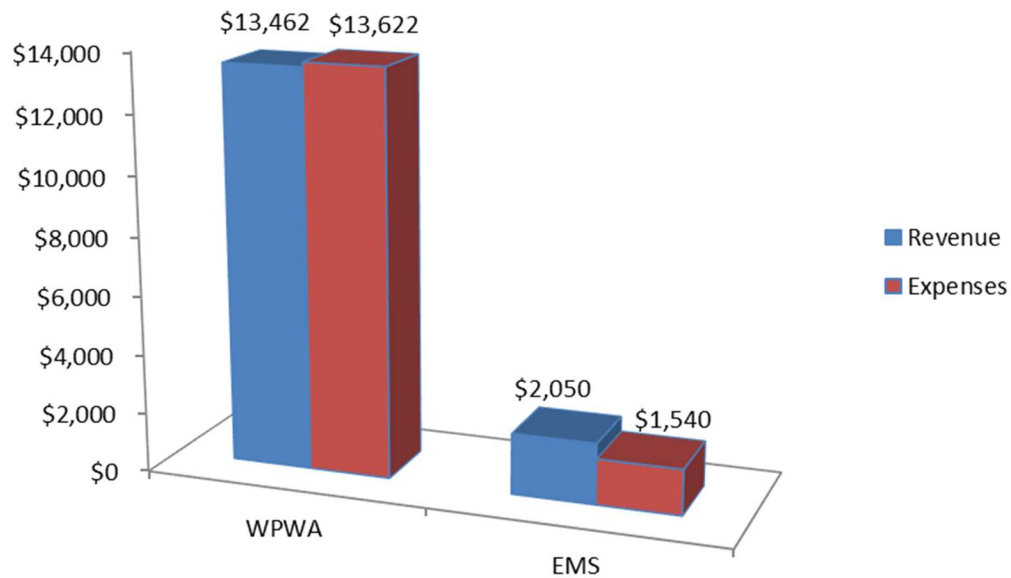
Governmental Revenues and Expenditures

In Thousands



Expenses and Program Revenues - Business-Type Activities

In Thousands



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2023, 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.

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Governmental Funds	\$ 18,926,586	\$(12,013,528)	\$ 6,913,058
Emergency Medical Services	2,029,231	(1,801,038)	228,193
Wagoner Public Works Authority	<u>33,841,945</u>	<u>(17,348,804)</u>	<u>16,493,141</u>
Totals	<u>\$ 54,797,762</u>	<u>\$(31,163,370)</u>	<u>\$23,634,392</u>

Debt

At year-end the Wagoner Public Works Authority & EMS had \$9,727,519 in outstanding notes payable compared to \$8,719,678 in 2022 or a increase of 11%. The City had \$116,862 in outstanding notes payable compared to \$266,079 in the prior fiscal year.

<u>Governmental Activities</u>		<u>Business-type Activities</u>	
<u>2022</u>	<u>2023</u>	<u>2023</u>	<u>2022</u>
<u>\$266,079</u>	<u>\$116,862</u>	<u>\$8,719,678</u>	<u>\$9,727,519</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

Revenues appear to be flat, but inflation is causing expenditures to increase. The City will need to watch their expenditures carefully. Currently, all funds are healthy.

CONTACTING THE CITY'S FINANCE DEPARTMENT

This management's discussion and analysis is designed to provide citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions or need additional financial information, please contact the City of Wagoner at (918) 485-4586.

City of Wagoner
Wagoner, Oklahoma
Statement of Net Position - Government Wide
June 30, 2023

	<u>Primary Government</u>			
	<u>Governmental</u>	<u>Business-Type</u>	<u>Totals</u>	<u>Fiduciary</u>
	<u>Activities</u>	<u>Activities</u>		<u>Activities</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 6,571,491	\$ 5,993,771	\$ 12,565,262	\$ 4,668
Other Current Assets			-	
Accounts/Taxes Receivable	511,286	1,664,271	2,175,557	
Internal Balances	268,966	-	268,966	1,142
Prepaid Assets			-	
Inventory		530,450	530,450	
Total Current Assets	<u>7,351,743</u>	<u>8,188,492</u>	<u>15,540,235</u>	<u>5,810</u>
Non-current Assets:				
Restricted Assets:				
Cash and Cash Equivalents		1,514,758	1,514,758	
Debt Issue Costs, net		7,415	7,415	
Capital Assets:				
Property, Plant and Equipment, net	6,913,058	16,731,334	23,644,392	
Right of Use Assets - net	390,040		390,040	
Pension, asset	57,760		57,760	
Deferred Outflows – Fire	676,474		676,474	
Deferred Outflows – Police	538,134		538,134	
Total Non-current Assets	<u>8,575,466</u>	<u>18,253,507</u>	<u>26,828,974</u>	<u>-</u>
Total Assets	<u>\$ 15,927,210</u>	<u>\$ 26,441,999</u>	<u>\$ 42,369,209</u>	<u>\$ 5,810</u>
LIABILITIES				
Current Liabilities:				
Account/ Encumbrances Payable	\$ 351,925	\$ 723,486	\$ 1,075,411	\$ 1,142
Accrued Interest		52,410	52,410	
Accrued Payroll and Benefits	52,707	48,491	101,198	
Accrued Expenses	36,933	108,012	144,945	
Customer Deposits		740,052	740,052	
Internal Balances	84,256	185,852	270,108	
Current portion of Leases Payable	72,805		72,805	
Current portion of Notes Payable	116,862	913,408	1,030,270	
Total Current Liabilities	<u>715,488</u>	<u>2,771,710</u>	<u>3,487,198</u>	<u>1,142</u>
Non-Current Liabilities:				
Compensated Balances	185,533	190,280	375,813	
Pension Liabilities – Fire	1,518,603		1,518,603	
Deferred Inflows – Fire	400,052		400,052	
Deferred Inflows - Police	338,059		338,059	
Leases Payable - Net of Current Portion	318,108		318,108	
Notes Payable – Net of Current Portion		8,814,111	8,814,111	
Total Non-Current Liabilities	<u>2,760,355</u>	<u>9,004,391</u>	<u>11,764,747</u>	<u>-</u>
Total Liabilities	<u>3,475,843</u>	<u>11,776,101</u>	<u>15,251,945</u>	<u>1,142</u>
NET POSITION				
Invested in Capital Assets, Net of Related Debt	6,796,196	7,003,815	13,800,011	
Restricted for:				
Specific purpose	676,901	1,514,758	2,191,659	4,668
Unrestricted	4,978,269	7,179,533	12,157,802	
Total Net Position	<u>\$ 12,451,366</u>	<u>\$ 15,698,108</u>	<u>\$ 28,149,473</u>	<u>\$ 4,668</u>

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

City of Wagoner
Wagoner, Oklahoma
Statement of Activities
Government Wide
For the Year Ended June 30, 2023

Functions/Programs:	<u>Expenses</u>	PROGRAM REVENUES			Net (Expense)/ Revenue
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<i>Governmental Activities:</i>					
General Government	\$ (2,600,006)	\$ 492,776	\$ 1,126,701		(980,528)
Public Safety & Judiciary					
Fire	(731,823)		32,913		(698,911)
Police	(1,785,048)	241,720	499		(1,542,829)
Culture and Recreation	(1,733,625)	79,229	28,054		(1,626,342)
Development Services	(202,258)				(202,258)
TOTAL GOVERNMENTAL ACTIVITIES	(7,052,759)	813,725	1,188,167	-	(5,050,867)
<i>Business Type Activities</i>					
Utility	(14,078,540)	13,461,694	450,000		(166,846)
EMS	(1,546,782)	2,050,383	-		503,601
	(15,625,322)	15,512,077	450,000	-	336,755
TOTAL	\$ (22,678,081)	\$ 16,325,802	\$ 1,638,167	\$ -	\$ (4,714,112)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Changes in Net Assets:			
Net (expense) revenue	(5,050,867)	336,755	(4,714,112)
General revenues:			
Sales/Use Tax Revenue	5,413,294		5,413,294
Cigarette/Tobacco Use	32,729		32,729
Franchise Tax	59,403		59,403
Gasoline Excise Tax	13,897		13,897
Commercial Vehicle Tax	57,266		57,266
Beverage Tax	140,174		140,174
Hotel/Motel Tax	2,529		2,529
Intergovernmental Programs	(677,888)	677,888	(0)
Investment Income	22,792	58,453	81,245
Other Income			-
Total General Revenues	5,064,195	736,340	5,800,536
Change in Net Assets	13,328	1,073,095	1,086,423
Net Assets-beginning	12,438,039	14,625,012	27,063,051
Net Assets-ending	\$ 12,451,366	\$ 15,698,108	\$ 28,149,473

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

City of Wagoner
Wagoner, Oklahoma
Balance Sheet – Governmental Funds
June 30, 2023

	General Fund	Economic Dev Fund	Non-Major Funds	Totals
ASSETS				
Cash and Cash Equivalents	\$ 6,188,261	\$ 169,735	\$ 213,496	\$ 6,571,491
Due from Other Funds			268,966	268,966
Grant Receivable		311,043		311,043
Other Receivables	183			
Taxes Receivable	454,679	56,607		511,286
Total Assets	<u>\$ 6,643,123</u>	<u>\$ 537,384</u>	<u>\$ 482,462</u>	<u>\$ 7,662,786</u>
LIABILITIES & FUND BALANCES				
Liabilities:				
Accounts/Encumbrances Payable	\$ 11,374		\$ 340,551	\$ 351,925
Accrued Expenses	35,397		2,394	37,791
Due to Other Funds	84,256			84,256
Accrued Wages/Benefits	238,240			238,240
Total Liabilities	<u>369,267</u>	<u>-</u>	<u>342,945</u>	<u>712,212</u>
Fund Balances:				
Restricted				-
Assigned		537,384	139,517	676,901
Unassigned	6,273,856			6,273,856
Total Fund Balances	<u>6,273,856</u>	<u>537,384</u>	<u>139,517</u>	<u>6,950,757</u>
Total Liabilities & Fund Balances	<u>\$ 6,643,123</u>	<u>\$ 537,384</u>	<u>\$ 482,462</u>	<u>\$ 7,662,969</u>

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

City of Wagoner
Wagoner, Oklahoma
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
Modified Cash Basis
For the Year Ended June 30, 2023

Total Fund Balances – Governmental Funds	\$ 6,273,856
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:	
Net Governmental Capital Assets	6,913,058
Net Right of Use Assets	390,040
Long Term assets not due and receivable in the current year and therefore are not reported in the governmental funds	
	1,272,368
Long Term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds	
	<u>(2,397,956)</u>
Net Assets of Governmental Activities	<u>\$ 12,451,366</u>

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

City of Wagoner
Wagoner, Oklahoma
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Economic Dev Fund	Non-Major Funds	Totals
REVENUES				
Charges for Services	\$ 178,951	\$ -		\$ 178,951
Fines	137,454		104,266	241,720
Grants	833,510	311,043		1,144,553
Investment Income	21,831	960	-	22,792
Other	320,845	48,422	67,400	436,667
Taxes	5,110,631	608,660		5,719,291
Total Revenues	<u>6,603,223</u>	<u>969,086</u>	<u>171,666</u>	<u>7,743,975</u>
EXPENDITURES				
Personal Services	3,593,807			3,593,807
Maintenance and Operation	1,687,885	469,939	137,839	2,295,663
Capital Outlay			451,236	451,236
Total Expenditures	<u>5,281,692</u>	<u>469,939</u>	<u>589,075</u>	<u>6,340,706</u>
Net Change in Fund Balance before	1,321,531	499,146	(417,409)	1,403,269
Transfer to other funds	<u>(798,406)</u>	<u>(352,610)</u>	<u>473,128</u>	<u>(677,888)</u>
Net Change in Fund Balance	523,125	146,536	55,720	725,381
Fund Balance - Beginning	5,750,731	390,848	83,798	6,225,377
Fund Balance - Ending	<u>\$ 6,273,856</u>	<u>\$ 537,384</u>	<u>\$ 139,517</u>	<u>\$ 6,950,757</u>

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

City of Wagoner
Wagoner, Oklahoma
Reconciliation of Change in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

Net Change in Fund Balances – Total Governmental Funds \$ 523,125

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

In the governmental funds, capital outlays are reported as expenditures while in the government-wide statement of activities, depreciation expense is reported to allocate those expenditures over the life of the assets.

Capital Asset Additions	782,539
Amortization Expense	(4,237)
Depreciation expense	<u>(711,180)</u>
	<u>67,122</u>

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 (149,217)

Pension accrual not payable from current year
Resources are not reported as an expenditure of the current year. In the Statement of Activities, these costs represent expenses of the current year. (427,702)

Change in Net Assets of Governmental Activities \$ 13,328

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

City of Wagoner
Wagoner, Oklahoma
Statement of Net Assets
Proprietary Funds-Enterprise Funds
June 30, 2023

	Business Type Activities		
	Utilities	EMS	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 5,339,025	\$ 654,746	\$ 5,993,771
Accounts Receivable – Trade	865,266	799,005	1,664,271
Grant Receivable	450,000		450,000
Other Receivable	582,209		582,209
Inventory	530,450		530,450
Total Current Assets	<u>7,766,950</u>	<u>1,453,751</u>	<u>9,220,701</u>
Non-current Assets:			
Restricted Assets:			
Cash and Cash Equivalents	1,514,758		1,514,758
Debt Issue Costs, net	7,415		7,415
Capital Assets:			
Property, Plant and Equipment, net	<u>16,503,141</u>	<u>228,192</u>	<u>16,731,334</u>
Total Non-Current Assets	<u>18,025,315</u>	<u>228,192</u>	<u>18,253,507</u>
Total Assets	<u>\$ 25,792,265</u>	<u>\$ 1,681,943</u>	<u>\$ 27,474,208</u>
LIABILITIES			
Current Liabilities:			
Accounts/Encumbrance Payable	\$ 713,704	\$ 9,782	\$ 723,486
Accrued Interest Payable	48,721	3,688	52,410
Accrued Payroll and Benefits	36,788	11,703	48,491
Customer Deposits	740,052		740,052
Internal Balances	167,970	17,882	185,852
Accrued Expenses	108,012		108,012
Current Portion of Notes Payable	913,408		913,408
Total Current Liabilities	<u>2,728,654</u>	<u>43,056</u>	<u>2,585,858</u>
Non-Current Liabilities			
Compensated Absences	155,997	34,283	190,280
Notes Payable – net of current portion	8,620,069	194,042	8,814,111
Total Non-Current Liabilities	<u>8,776,066</u>	<u>228,325</u>	<u>9,004,391</u>
Total Liabilities	<u>11,504,720</u>	<u>271,382</u>	<u>11,590,249</u>
NET POSITION			
Invested in capital assets, net of related debt	6,969,665	34,150	7,003,815
Restricted	1,514,758		1,514,758
Unrestricted net position	5,803,122	1,376,411	7,179,533
Total Net Position	<u>\$ 14,287,545</u>	<u>\$ 1,410,562</u>	<u>\$ 15,698,108</u>

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

City of Wagoner
Wagoner, Oklahoma
Statement of Revenues, Expenses and
Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2023

	<u>Business Type Activities</u>		
	Utilities	EMS	Totals
<u>Operating Revenues:</u>			
Charges for Services	\$ 13,461,694	\$ 1,450,409	\$ 14,912,103
Billed Ambulance Subscriptions		599,974	599,974
Total Revenues	<u>13,461,694</u>	<u>2,050,383</u>	<u>15,512,077</u>
<u>Operating Expenses:</u>			
Personal services	2,376,465	1,072,657	3,449,122
Licenses and Fees	292,552		292,552
Outside Services	24,979	94,038	119,017
Insurance Expenses	55,945	10,682	66,627
Postage and Fees	46,333	3,082	49,415
Depreciation	872,570	145,326	1,017,896
Plant and Distribution Expenses	8,719,637		8,719,637
Telephone and Utilities	300,108	28,061	328,169
Repairs and maintenance	933,814	186,375	1,120,188
Total Operating Expenses	<u>13,622,402</u>	<u>1,540,220</u>	<u>15,162,622</u>
Net Operating Income	<u>(160,708)</u>	<u>510,163</u>	<u>349,455</u>
<u>Non-Operating Revenues (Expenses):</u>			
Interest income	58,453		58,453
Grant revenues	450,000	-	450,000
Interest expense	(456,138)	(6,562)	(462,700)
Transfers Out	677,101	786	677,888
Total Non-Operating Revenues (Expenses)	<u>729,416</u>	<u>(5,776)</u>	<u>723,641</u>
Net Income (Loss)	568,708	504,387	1,073,095
Total Net Position-Beginning	13,718,838	906,174	14,625,012
Total Net Position-Ending	<u>\$ 14,287,545</u>	<u>\$ 1,410,562</u>	<u>\$ 15,698,108</u>

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

City of Wagoner
Wagoner, Oklahoma
Statement of Cash Flows
Proprietary Fund Type - Enterprise Fund
For the Year Ended June 30, 2023

	Business Type Activities		
	Utilities	EMS	Totals
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Received from customers	\$ 13,826,850	\$ 1,705,773	\$ 15,532,623
Paid for personnel costs	(2,376,465)	(1,072,657)	(3,449,122)
Paid for operations and services	(10,318,406)	(361,559)	(10,679,965)
Net Cash Provided (Used) by Operating Activities	<u>1,131,979</u>	<u>271,557</u>	<u>1,403,536</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
Other non-operating income	450,000	-	450,000
Increase in interfund payables	(34,997)	(33,981)	(68,978)
Net Cash Provided (Used) by NonCapital Financing Activities	<u>415,003</u>	<u>(33,981)</u>	<u>381,022</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Purchase of capital assets	(1,518,857)	-	(1,518,857)
Proceeds from issuance of debt	1,592,858		1,592,858
Principal payments on debt	(492,872)	(92,145)	(585,017)
Interest paid on debt	(456,138)	(6,562)	(462,700)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(875,009)</u>	<u>(98,707)</u>	<u>(973,716)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest and dividends on investments	<u>58,453</u>		<u>58,453</u>
Net increase (decrease) in cash and cash equivalents	730,426	138,869	869,295
Cash and cash equivalents, beginning of year	6,123,356	515,877	6,639,233
Cash and cash equivalents, end of year <i>(Note 1)</i>	<u>\$ 6,853,783</u>	<u>\$ 654,746</u>	<u>\$ 7,508,529</u>
<u>Reconciliation of Operating Income to Net Cash Provided (Used) by</u>			
<u>Operating Activities:</u>			
Operating income (loss)	\$ (160,708)	\$ 510,163	\$ 349,455
Depreciation Expense	872,570	145,326	1,017,896
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Net changes in assets and liabilities:			
(Increase) decrease in current assets			-
(Increase) decrease in receivables, net	365,156	(344,610)	20,546
(Increase) decrease in inventories	12,945		12,945
(Decrease) increase in accounts/encumbrances payable	6,975	(7,551)	(576)
(Decrease) increase in accrued liabilities	35,041	(31,771)	3,270
Net cash provided (used) by operating activities	<u>\$ 1,131,979</u>	<u>\$ 271,557</u>	<u>\$ 1,403,536</u>

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

NOTES TO THE FINANCIAL STATEMENTS

City of Wagoner
Wagoner, Oklahoma
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following notes to the financial statements are an integral part of the City's financial statements.

The City of Wagoner, Oklahoma operates under a under a aldermanic form of government. The Chief Executive Officer is he City of Mayor. The legislative function is performed by the Board of Trustees. The City's major operations include the following services as authorized by Oklahoma Statue: public safety (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning, and general administration services. The 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
Wagoner, Oklahoma
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

Fund Accounting (Continued)

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* presents 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 City.
- *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
Wagoner, Oklahoma
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

Fund Accounting (Continued)

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 City (the City) 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 City 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 City and EMS utilizes the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses when incurred. The City 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.

City of Wagoner
Wagoner, Oklahoma
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

Fund Accounting (Continued)

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.
- 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 City. 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.

City of Wagoner
Wagoner, Oklahoma
Notes to the Financial Statements
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 \$185,533, EMS \$34,283, and Public Works \$155,997. 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 \$347,941 and \$263,586 for the Public Works City. 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.

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 City 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 City. 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, 2023.

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

NOTE 4 – ECONOMIC DEPENDENCY

The Wagoner Public Works City is dependent on the Grand River Dam City (G.R.D.A.) for their purchase of electricity used for re-sale. For the year ended June 30, 2023, the Wagoner Public Works City purchased \$6,557,618 worth of electricity from G.R.D.A. compared to \$4,705,218 at June 30, 2022.

City of Wagoner
Wagoner, Oklahoma
Notes to the Financial Statements
June 30, 2023

NOTE 5: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023, was as follows:

	NBV Balance 6/30/22	Additions/ Deletions	Less Current Year Depreciation	NBV Balance 6/30/23
<u>Governmental Funds:</u>				
Park Department	\$ 352,299	\$ 0	\$ 21,488	\$ 330,811
General Government	1,242,722	88,284	111,469	1,219,537
Civic Center	203,312	25,688	20,542	208,458
Police Department	397,668	14,644	102,294	310,018
Fire Department	193,734	11,569	25,367	179,936
INSP/Code Enforcement	408	0	21	387
Street Department	2,161,341	395,366	261,212	2,295,497
Library	471,098	0	20,368	450,730
Airport	1,539,857	246,989	122,634	1,664,212
Cemetery	118,282	0	7,548	110,734
Museum	94,924	0	13,910	81,014
Community Building	27,739	0	2,425	25,314
UNARCO	35,031	0	1,749	33,282
Animal Control	3,284	0	153	3,131
Total Governmental Funds	<u>6,841,699</u>	<u>782,540</u>	<u>711,180</u>	<u>6,913,058</u>
<u>Proprietary Funds:</u>				
Ambulance	373,517	0	145,326	228,191
Electric System	1,997,419	11,470	223,936	1,784,953
Water and Sewer	4,723,891	1,464,250	303,979	5,884,163
Inventory Control	39,385	43,137	6,695	75,827
Shop	32,739	0	4,935	27,804
Brush	25,678	0	6,041	19,637
Water Park	392,520	0	25,000	367,520
Total Proprietary Funds	<u>16,230,373</u>	<u>1,518,857</u>	<u>1,017,895</u>	<u>16,731,334</u>
Total	<u>\$ 23,070,073</u>	<u>\$ 2,301,397</u>	<u>\$ 1,729,075</u>	<u>\$ 23,642,392</u>

City of Wagoner
Wagoner, Oklahoma
Notes to the Financial Statements
June 30, 2023

NOTE 6: ACCOUNTS RECEIVABLE

As of June 30, 2023, the City of Wagoner had accounts receivable in the following amounts:

Governmental Activities:		
Taxes Receivables	511,286	
Other Receivables	<u>183</u>	
Total Accounts Receivable – Governmental		<u>\$ 511,469</u>
Business Type Activities:		
EMS Fund	\$ 454,395	
Wagoner Public Works Authority	<u>865,266</u>	
Total Accounts Receivable – Business Type		<u>\$ 1,319,661</u>

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.

	<u>WPWA</u>	<u>Meter Fund</u>	<u>General Fund</u>	<u>Disbursement Fund</u>	<u>Non-Major Fund</u>	<u>EMS</u>	<u>Penalty Assessment</u>
Meter Fund	\$ (2,161)	\$ 2,161	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
General Fund	59,011		(59,011)				
EMS Fund				17,882		(17,882)	
Disb Fund	(220,314)		(41,908)	262,222			
Wagoner PWA	(6,667)		6,667				
Municipal Court					(1,141)		1,141
Special Events							
Penalty Assess							
Econ Dev							
Total	<u>\$ (170,131)</u>	<u>\$ 2,161</u>	<u>\$ (94,252)</u>	<u>\$ 280,104</u>	<u>\$ (1,141)</u>	<u>\$ (17,882)</u>	<u>\$ (1,141)</u>

City of Wagoner
Wagoner, Oklahoma
Notes to the Financial Statements
June 30, 2023

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	\$ 15,000
EDF to City of Wagoner Economic Development City	<u>91,331</u>
Total	<u>\$ 106,331</u>

In October of 2006 the Wagoner Hospital City 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 City collateralizes the note with its receipts and assets. The balance of the note as of June 30, 2023 was \$2,435,528. On December 6, 2016 the City 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, 2023 was \$254,296. There does not appear to be a reasonable probability the Wagoner Hospital City will default and Wagoner Public Works and City will become liable for the balance.

NOTE 10: NOTES PAYABLE

Governmental Funds:

The Government-Wide Statement of Net Assets includes \$185,533 in accrued compensated absences at June 30, 2023, which is included in the long-term debt group of accounts.

CITY- BANCFIRST 911 POLICE - On June 14, 2023 the City of Wagoner signed a promissory note with The American Bank in the sum of \$143,495. The purpose of the promissory note was for the purchase of a 911 System. The note shall bear interest at a rate of 3.69% per annum. The balance of the note as of June 30, 2023 was \$116,862.

Business-Type Activities:

WPWA - OWRB 2008 Stimulus Loan - On September 15, 2009 the Wagoner Public Works City 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 City. 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 City net of debt forgiveness credits applied through the American Recovery and Reinvestment Act. Payments are remitted semi-annually every March and September 15th. The City 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, 2023 was \$370,605.

WPWA - OWRB 2012a Loan - On November 15, 2012, the Wagoner Public Works City 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 City 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, 2023 was \$361,548.

WPWA - OWRB 2013 Loan - On August 26, 2013, the Wagoner Public Works City 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 City 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, 2023 was \$6,274,673.

City of Wagoner
Wagoner, Oklahoma
Notes to the Financial Statements
June 30, 2023

NOTE 10: NOTES PAYABLE - (Continued)

Business-Type Activities (continued):

WPWA - OWRB 2021D Loan - On November 15, 2023, the Wagoner Public Works City signed a promissory note with the Oklahoma Water Resources Board in the sum of \$4,380,000. The purpose of this promissory note was for improvements to the drinking water system. Interest is to accrue at the fixed rate of 3.2% per annum inclusive of administrative fees of one half of one percent. The City 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 project was still in progress at June 30, 2023 and the loan balance was \$2,076,651.

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, 2023 was \$194,042.

Long term debt indebtedness as of June 30, 2023 is as follows:

	City and WPWA			
	Balance 7/1/22	Proceeds	Principal Payments	Balance 6/30/23
OWRB ORF-09-0029-DW	\$ 413,889	\$ 0	\$ 43,284	\$ 370,605
OWRB Note 2012A	429,236	0	67,687	361,548
OWRB Note 2012D	483,793	1,592,858	0	2,076,651
OWRB Note 8/26/13	7,106,573	0	381,900	6,724,673
American Bank – City	72,042	0	72,042	0
BancFirst - City	143,494	0	26,633	116,862
American Bank – City	16,200	0	16,200	0
American Bank – City	17,344	0	17,344	0
American Bank – City	16,999	0	16,999	0
American Bank – EMS	286,187	0	92,145	194,042
Totals	<u>\$ 8,985,757</u>	<u>\$ 1,592,858</u>	<u>\$ 734,234</u>	<u>9,844,381</u>
Less: Current Maturities				<u>(1,030,270)</u>
Long Term Debt				<u>\$ 8,814,111</u>

Debt Service requirements as of June 30, 2023 is as follows:

	<u>City and WPWA</u>
2024	\$ 1,030,270
2025	626,034
2026	545,536
2027	567,143
2028	588,750
Thereafter	<u>6,486,648</u>
Totals	<u>\$ 9,844,381</u>

City of Wagoner
Wagoner, Oklahoma
Notes to the Financial Statements
June 30, 2023

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 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. Administrative costs of the Plan are paid by the City of Wagoner and Wagoner Public Works. 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 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 existing municipal firefighters' pension plans in 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. On June 30, 2023, there were 474 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 the 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 Plan 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, for 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
Wagoner, Oklahoma
Notes to the Financial Statements
June 30, 2023

NOTE 13: RETIREMENT PLANS - (Continued)

B. Oklahoma Firefighters' Pension and Retirement System – (Continued)

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, 2023.

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 aged 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.

City of Wagoner
Wagoner, Oklahoma
Notes to the Financial Statements
June 30, 2023

NOTE 13: RETIREMENT PLANS - (Continued)

B. Oklahoma Firefighters' Pension and Retirement System – (Continued)

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 has 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 has completed 22 years of service, whichever is later, provided the member's contribution accumulation is not withdrawn. Members terminating employment 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, 2023 and 2021, there were 3,179 and 2,940 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 on years prior to when they 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.

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
Wagoner, Oklahoma
Notes to the Financial Statements
June 30, 2023

NOTE 13: RETIREMENT PLANS - (Continued)

B. Oklahoma Firefighters' Pension and Retirement System – (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2023, the City's proportionate share of the net pension liability was \$1,518,604. The net pension liability for the Plan in total was measured as of June 30, 2023, 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 \$61,381 paid to Oklahoma Firefighters Pension and Retirement Plan for the fiscal year ended June 30, 2023, relative to the actual contributions of \$52,151,093 from all participating employers. At June 30, 2023, the City's proportionate share was 0.117698%. For the fiscal year ended June 30, 2023, the City recognized a pension expense of \$259,205, which was the City's proportionate share of the total pension expense.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources from the following sources related to pension benefits:

	<u>Outflows</u>	<u>Inflows</u>
<u>Balance of Deferred Outflows/Inflows due to:</u>		
Differences between expected and actual experience	\$ 180,604	\$ 1,928
Changes in Assumptions	-	2,435
Net differences between projected and actual earnings on pension plan investments	<u>495,870</u>	<u>395,689</u>
Totals	<u>\$ 676,474</u>	<u>\$ 400,052</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2023, and 2022, using the following actuarial assumptions, applied to all prior periods included in the measurement:

- Inflation: 2.75% for both 2023 and 2022
- Salary increases: For paid firefighters 2.75% to 10.5% for 2023 and 2021, not applicable for volunteer firefighters
- Investment rate of return: 7.5% net of pension plan investment expense, for 2023 and 2021

For 2023 and 2022, mortality rates were based on:

- Active members - Pub-2010 Public Safety Table with generational mortality improvement using MP-2018
- Retired members - Pub-2010 Public Safety Below Median Table with generational mortality improvement using Scale MP-2018
- Disabled members - Pub-2010 Public Safety Disabled Table set forward two years

The actuarial assumptions used in the July 1, 2023, and 2022 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/.

City of Wagoner
Wagoner, Oklahoma
Notes to the Financial Statements
June 30, 2023

NOTE 13: RETIREMENT PLANS - (Continued)

B. Oklahoma Firefighters' Pension and Retirement System – (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.5%, net of investment expense. The projection of cash flows used to determine the discount rate assumed that the Plan 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 state-wide insurance premium tax and presently the Plan is allocated 37.8% of the state-wide 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, 2023
- 36.0% effective July 1, 2027

In addition to the change noted above, the Plan is scheduled to receive \$40,625 each year from July 1, 2022, 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 both the City of Wagoner's calculated amounts 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:

<u>At June 30, 2023</u>	1% Decrease <u>(6.5%)</u>	Current Discount <u>Rate (7.5%)</u>	1% Increase <u>(8.5%)</u>
Plan's net pension liability	\$ 1,681,252,103	\$ 1,290,250,448	\$ 963,269,659
City's proportional liability	\$ 1,978,800	\$ 1,581,632	\$ 1,133,749

Summary of Significant Accounting Policies

Financial reporting information pertaining to the City's participation in the Plan as reported at June 30, 2023: Net Pension Liability: \$1,518,604, Deferred outflows: \$676,474, Deferred inflows: \$400,052, 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.

City of Wagoner
Wagoner, Oklahoma
Notes to the Financial Statements
June 30, 2023

NOTE 13: RETIREMENT PLANS - (Continued)

B. Oklahoma Firefighters' Pension and Retirement System – (Continued)

Summary of Significant Accounting Policies - (Continued)

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. Plan contributions are recognized when due pursuant to formal commitments and 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 153 participating municipalities and state agencies within the state of Oklahoma. The System administers the Oklahoma Police Pension and Retirement Plan (the "Plan" or "OPPRP"). For report purposes, the System is deemed the Plan's administrator. As interpreted through GASB Statement 68, the state of Oklahoma is considered a non-employer contributing entity. The State of Oklahoma contributes a portion of the Insurance Premium Taxes collected through its taxing authority. This contribution rate was 14.7% of the Insurance Premium Tax collected by the State. For the fiscal year ended June 30, 2023, the State's contribution to the System totaled \$44,456,000. As a non-employer contributing entity, no portion of the Net Pension Liability has been allocated to the State because of this contribution. Copies of Plan reports may be obtained from the 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.

City of Wagoner
Wagoner, Oklahoma
Notes to the Financial Statements
June 30, 2023

NOTE 13: RETIREMENT PLANS - (Continued)

C. Oklahoma Police Pension & Retirement System - (Continued)

Contributions - (Continued)

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 City to establish and amend 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.

City of Wagoner
Wagoner, Oklahoma
Notes to the Financial Statements
June 30, 2023

NOTE 13: RETIREMENT PLANS - (Continued)

C. Oklahoma Police Pension & Retirement System - (Continued)

Benefits Provided - (Continued)

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.

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. A 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:

- The retired member shall earn two percentage points below the net annual rate of return of the investment portfolio of the System.
- If the portfolio earns less than a 2% rate of return, but more than zero, the retired member shall earn zero percentage points.
- 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 City 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

At June 30, 2023, the City’s proportionate share of the net pension (asset)/liability was (\$35,279). The net pension (asset)/liability for the plan in total was measured as of June 30, 2023, and was determined by an actuarial valuation as of that date. The City’s proportionate share of the total net pension (asset)/liability was based on the ratio of actual contributions of \$56,499 paid to OPPERP for the fiscal year ended June 30, 2023, relative to the actual contributions of \$468,909,629 from all participating employers. At June 30, 2023, the district’s proportionate share was 0.001155%. For the fiscal year ended June 30, 2023, the City recognized a pension expense of \$94,343, as its proportionate share of the total pension plan expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources - (Continued)

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources from the following sources related to pension benefits:

	<u>Outflows</u>	<u>Inflows</u>
<i><u>Balance of Deferred Outflows/Inflows due to:</u></i>		
Differences between expected and actual experience	\$ 96,575	\$ 5,441
Changes in Assumptions	-	65,851
Net differences between projected and actual earnings on pension plan investments	<u>441,560</u>	<u>266,768</u>
Totals	<u>\$ 538,135</u>	<u>\$ 338,060</u>

City of Wagoner
Wagoner, Oklahoma
Notes to the Financial Statements
June 30, 2023

NOTE 13: RETIREMENT PLANS - (Continued)

C. Oklahoma Police Pension & Retirement System - (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2023, and 2022, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation: 2.75%

Wage Inflation: 3.5%

Salary increases, including wage inflation: 3.5% to 12.0% average, including inflation

Long-term Rate of Return, net of
of investment expense and including
price inflation: 7.5%

Cost-of-living adjustments: Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary of 3.5% (wage inflation).

Mortality rates: Active employees (pre-retirement): RP-2000 Combined Blue Collar Healthy Table with age set back 4 years with fully generational improvement using Scale AA.

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

Disabled pensioners: RP-2000 Combined Blue Collar Healthy Table with age set forward 4 years.

The actuarial assumptions used in the July 1, 2023, and 2022, valuation was based on the results of an actuarial experience study for the period of July 2017 to June 2022.

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

City of Wagoner
Wagoner, Oklahoma
Notes to the Financial Statements
June 30, 2023

NOTE 13: RETIREMENT PLANS - (Continued)

C. Oklahoma Police Pension & Retirement System - (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.5% for 2023 and 2022. 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 both the City of Wagoner's calculated amounts 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:

<u>At June 30, 2023</u>	1% Decrease <u>(6.5%)</u>	Current Discount <u>Rate (7.5%)</u>	1% Increase <u>(8.5%)</u>
Plan's net pension (asset) or liability	\$ 288,348,000	\$ (80,192,000)	\$ (30,540,000)
City's proportional (asset) or liability	\$ 331,089	\$ (32,279)	\$ (347,170)

Summary of Significant Accounting Policies

Financial reporting information pertaining to the City's participation in the Plan as reported at June 30, 2023: Net Pension (Asset) or Liability: (\$347,170), Deferred outflows: \$538,135, Deferred inflows: (\$338,060), 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 and statutory or contractual requirements. Benefits and employee contribution refunds are recognized when due and payable in accordance with the Plan's terms.

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 City's net pension liability, deferred outflows and inflows of resources related to pensions, and pension expenses.

NOTE 14: EVALUATION OF SUBSEQUENT EVENTS

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

NOTE 15: LEASE OBLIGATIONS

Implementation of GASB Statement No. 87

Effective July 1, 2022, the City implemented GASB Statement No. 87, Leases. GASB 87 establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this standard, the City recognizes a lease liability and an intangible right-to-use (RTU) asset for all leases with terms greater than 12 months, except for certain exceptions.

Lease Description

The City has entered into a master terms agreement for leasing vehicles with a fleet management group. All active leases under this agreement began on March 1, 2023, and have a lease term of five years. The agreement includes an option to purchase the vehicles at the end of the lease term. These leases are classified as financing arrangements under GASB 87.

City of Wagoner
Wagoner, Oklahoma
Notes to the Financial Statements
June 30, 2023

NOTE 15: LEASE OBLIGATIONS - (Continued)

Right-to-Use Assets and Lease Liabilities

As of June 30, 2023, the City recognized the following amounts related to its lease obligations:

- Right-to-Use Asset - Vehicles: \$ 410,569
- Accumulated Amortization - Vehicles: \$ (20,529)
- Right-to-Use Asset – Vehicles, Net: \$ 390,040
- Lease Liability: \$ 390,913

Amortization and Interest Expense

For the year ended June 30, 2023, the City recognized the following expenses related to its lease obligations:

- Amortization Expense: \$ 20,529
- Interest Expense: \$ 4,237
-

Lease Payments

The future minimum lease payments under the lease agreement as of June 30, 2023, are as follows:

Year	Amount
2024	\$ 95,571
2025	\$ 95,571
2026	\$ 95,571
2027	\$ 95,571
2028	\$ 71,680
Total Lease Payments	\$ 453,964
Less: Amount Representing Interest	\$ (63,051)
Present Value of Lease Payments	\$ 390,913

Lease Terms and Conditions

The lease agreement for vehicles includes the following key terms and conditions:

- Lease Term: Five years
- Monthly Lease Payment: \$ 691 - \$ 1,067
- Interest Rate: 6.25% - 6.39% per annum
- Purchase Option:
 - The City has the option to purchase the vehicles at the end of the lease term for a predetermined price.

Additional Disclosures

The City has no significant restrictions or covenants associated with its lease agreements. The lease liability is measured at the present value of the lease payments, discounted using the interest rate implicit in the lease.

Summary of Lease Accounting Under GASB 87

Under GASB 87, the City recognizes a lease liability and a right-to-use asset for all leases with terms greater than 12 months, except for certain exceptions. The lease liability is initially measured at the present value of lease payments expected to be made during the lease term. The right-to-use asset is initially measured at the amount of the initial lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs. The right-to-use asset is amortized over the shorter of the lease term or the useful life of the underlying asset. Interest expense on the lease liability is recognized using the effective interest method.

Required Supplemental Information

CITY OF WAGONER
Supplemental Schedules of Proportionate Share of Net Pension Liability and
Contributions for Cost Sharing Pension Plans for the:
Oklahoma Firefighters' Pension and Retirement System
For the Fiscal Year Ended June 30, 2023

Schedule of Proportionate Share of the Net Pension (Asset) or Liability - (Unaudited)

CITY OF WAGONER	Proportion of the	Proportionate		Proportionate Share
<u>Fiscal Year Ended:</u>	Net Pension	Share of the Net	Covered	of the Net Pension
	(Asset) or	Pension (Asset)	Payroll	Liability as a %
	<u>Pension Liability</u>	<u>or Pension Liability</u>		<u>of Covered Payroll</u>
June 30, 2023	0.117698%	\$ 1,518,604	\$ 3,586,348	42.344%
June 30, 2022	0.120924%	\$ 1,581,362	\$ 3,237,318	48.848%
June 30, 2021	0.122000%	\$ 801,627	\$ 3,066,122	26.145%
June 30, 2020	0.105000%	\$ 1,297,251	\$ 3,081,544	42.097%
June 30, 2019	0.106000%	\$ 1,118,214	\$ 2,812,667	39.756%
June 30, 2018	0.105000%	\$ 1,181,422	\$ 2,748,932	42.977%
June 30, 2017	0.105000%	\$ 1,320,045	\$ 2,803,630	47.083%
June 30, 2016	0.107000%	\$ 1,306,177	\$ 3,024,232	43.190%
June 30, 2015	0.104000%	\$ 1,107,076	\$ 2,586,622	42.800%

Schedule of Employer Contributions - (Unaudited)

CITY OF WAGONER	Contractually	Contributions in	Contractually	Contribution	Covered	Contributions
<u>Fiscal Year Ended:</u>	Required	Relation to the	Required	Deficiency	Payroll	as a % of
	<u>Contributions</u>		<u>Contribution</u>	<u>or (Excess)</u>		<u>Covered</u>
						<u>Payroll</u>
June 30, 2023	\$ 61,381		\$ 61,381	\$ -	\$ 3,586,348	1.712%
June 30, 2022	\$ 56,036		\$ 56,036	\$ -	\$ 3,237,318	1.731%
June 30, 2021	\$ 54,701		\$ 54,701	\$ -	\$ 3,066,122	1.784%
June 30, 2020	\$ 54,701		\$ 54,701	\$ -	\$ 3,081,544	1.775%
June 30, 2019	\$ 45,590		\$ 45,590	\$ -	\$ 2,812,667	1.621%
June 30, 2018	\$ 44,064		\$ 44,064	\$ -	\$ 2,748,932	1.603%
June 30, 2017	\$ 41,765		\$ 41,765	\$ -	\$ 2,803,630	1.490%
June 30, 2016	\$ 41,868		\$ 41,868	\$ -	\$ 3,024,232	1.384%
June 30, 2015	\$ 39,897		\$ 39,897	\$ -	\$ 2,586,622	1.542%

Notes to the Schedules:

Net Pension Liability

Net pension liability is the liability of the Oklahoma Firefighters' Pension and Retirement System. Under GASB Statement No. 68, the City is required to reflect a proportionate share of net pension liability within its financial statements.

Presentation of Pension Data

The amounts determined for each fiscal year of the City listed above were determined by the Oklahoma Firefighters' Pension and Retirement System as of the Plan's most recent audited June 30 fiscal year-end, June 30, 2023.

The City is required to present the last ten fiscal years of data; however, until a full ten-year trend of data is compiled, GASB Statement No. 68 allows the presentation for those years for which information is available.

Changes in Benefit Terms

There were no changes of benefit terms for any participating employer in the Oklahoma Firefighters' Pension and Retirement System.

Changes in Assumptions

There were no changes in assumptions.

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

CITY OF WAGONER
Supplemental Schedules of Proportionate Share of Net Pension Liability and
Contributions for Cost Sharing Pension Plans for the:
Oklahoma Police Pension and Retirement System
For the Fiscal Year Ended June 30, 2023

Schedule of Proportionate Share of the Net Pension (Asset) or Liability - (Unaudited)

CITY OF WAGONER <u>Fiscal Year Ended:</u>	Proportion of the Net Pension (Asset) or Pension Liability	Proportionate Share of the Net Pension (Asset) or Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a % of Covered Payroll
June 30, 2023	0.001155%	\$ (35,279)	\$ 3,586,348	-0.984%
June 30, 2022	0.001190%	\$ (95,437)	\$ 3,237,318	-2.948%
June 30, 2021	0.113000%	\$ (542,130)	\$ 3,066,122	-17.681%
June 30, 2020	0.118000%	\$ 135,289	\$ 3,081,544	4.390%
June 30, 2019	0.110000%	\$ (7,025)	\$ 2,812,667	-0.250%
June 30, 2018	0.069000%	\$ (32,984)	\$ 2,748,932	-1.200%
June 30, 2017	0.069000%	\$ 5,326	\$ 2,803,630	0.190%

Schedule of Employer Contributions - (Unaudited)

CITY OF WAGONER <u>Fiscal Year Ended:</u>	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency or (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
June 30, 2023	\$ 56,499	\$ 56,499	\$ -	\$ 3,586,348	1.575%
June 30, 2022	\$ 55,417	\$ 55,417	\$ -	\$ 3,237,318	1.712%
June 30, 2021	\$ 49,204	\$ 49,204	\$ -	\$ 3,066,122	1.605%
June 30, 2020	\$ 49,204	\$ 49,204	\$ -	\$ 3,081,544	1.597%
June 30, 2019	\$ 49,800	\$ 49,800	\$ -	\$ 2,812,667	1.771%
June 30, 2018	\$ 43,638	\$ 43,638	\$ -	\$ 2,748,932	1.587%
June 30, 2017	\$ 26,843	\$ 26,843	\$ -	\$ 2,803,630	0.957%

Notes to the Schedules:

Net Pension Liability

Net pension liability is the liability of the Oklahoma Police Pension and Retirement System. Under GASB Statement No. 68, the City is required to reflect a proportionate share of net pension liability within its financial statements.

Presentation of Pension Data

The amounts determined for each fiscal year of the City listed above were determined by the Oklahoma Police Pension and Retirement System as of the Plan's most recent audited June 30 fiscal year-end, June 30, 2022.

The City is required to present the last ten fiscal years of data; however, until a full ten-year trend of data is compiled, GASB Statement No. 68 allows the presentation for those years for which information is available.

Changes in Benefit Terms

There were no changes of benefit terms for any participating employer in the Oklahoma Police Pension and Retirement System.

Changes in Assumptions

There were no changes in assumptions.

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

SUPPLEMENTAL INFORMATION



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, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Wagoner, Oklahoma's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Wagoner, Oklahoma's major federal programs for the year ended June 30, 2023. City of Wagoner, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Wagoner, Oklahoma 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, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Wagoner, Oklahoma and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Wagoner, Oklahoma's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Wagoner, Oklahoma's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Wagoner, Oklahoma's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Wagoner, Oklahoma's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Wagoner, Oklahoma's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Wagoner, Oklahoma's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 City of Wagoner, Oklahoma's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Hood & Associates CPAs PC

Hood & Associates CPAs, PC

Tulsa, Oklahoma

August 5, 2024

City of Wagoner
Wagoner, Oklahoma
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2023

PROGRAM	ASSISTANCE LISTING	GRANT NUMBER	FEDERAL EXPENDITURES	AMOUNTS PAID TO SUBRECIPIENTS
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
DIRECT PROGRAMS:				
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218	18240 CDBG 21	450,000.00	-
TOTAL DIRECT PROGRAMS			450,000.00	-
TOTAL U.S. DEPARTMENT OF JUSTICE			450,000.00	-
U.S. DEPARTMENT OF TRANSPORTATION:				
DIRECT PROGRAMS:				
AIRPORT IMPROVEMENT PROGRAM, COVID-19 AIRPORTS PROGRAMS, AND INFRASTRUCTURE INVESTMENT AND JOBS ACT PROGRAMS	20.106	FAA 3-40-0140-010-2021	195,555.57	-
TOTAL DIRECT PROGRAMS			195,555.57	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			195,555.57	-
UNITED STATES DEPARTMENT OF TREASURY:				
DIRECT PROGRAMS:				
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	(OWRB) ARP-23-0225-G	453,731.75	-
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	FA-011720	458,925.00	-
CORONAVIRUS RELIEF FUND	21.019	FAA 3-40-0140-011-2021	5,323.00	-
AIRPORT IMPROVEMENT PROGRAM, COVID-19 AIRPORTS PROGRAMS, AND INFRASTRUCTURE INVESTMENT AND JOBS ACT PROGRAMS	20.106	FAA 3-40-0140-009-2020	23,571.00	-
TOTAL DIRECT PROGRAMS			941,550.75	-
TOTAL UNITED STATES DEPARTMENT OF TREASURY			941,550.75	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,587,106.32	-

NOTE A—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2023. The information in this SEFA 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 Awards (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C—SUBRECIPIENTS

During the year ended June 30, 2023, the City did not provide any federal awards to subrecipients.

Section I--Summary of Auditor's Results

Financial statements

Type of auditor's report issued on whether the financial statements
were in accordance with GAAP: Internal control over financial reporting: *Unmodified*

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ no

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ no

Type of auditor's report issued on compliance for major federal programs: *Unmodified*

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ yes ☒ no

Identification of major federal programs:

<i>Program</i>	<i>CFDA Number</i>
American Rescue Plan Act	21.027

Dollar threshold used to distinguish between type A and type B programs: \$750,000

- Auditee qualified as low-risk auditee? ☐ yes ☒ no

Section II—Financial Statement Findings

Financial Statement Findings Required to be Reported in Accordance with Generally Accepted Government Auditing Standards
None

Summary Schedule of Prior Audit Findings
None

Section III—Federal Award Findings and Questioned Costs

Financial Statement Findings Required to be Reported in Accordance with Generally Accepted Government Auditing Standards
None

Summary Schedule of Prior Audit Findings
None