



City of Del City  
Oklahoma

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

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**

**THE CITY OF DEL CITY,  
OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**

**CITY OF DEL CITY, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2021**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

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

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and debt service and reserve schedules 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 May 10, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

*Arledge & Associates, P.C.*

Edmond, Oklahoma  
May 10, 2022



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**MANAGEMENT DISCUSSION AND ANALYSIS**



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The management of the City of Del City is pleased to provide this annual financial report to its citizens, taxpayers and other report users to demonstrate its accountability and communicate the City's financial condition and activities for the year ended June 30, 2021. Management of the City is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts. The City reports its financial statements and schedules on a modified cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles. All of the financial analysis in this report must be considered within the context of the limitations of the modified cash basis of accounting.

***FINANCIAL HIGHLIGHTS***

- As reported on a modified cash basis, the City's total net position increased by \$3.9 million, and the assets of the City exceed its liabilities at June 30, 2021, by \$42.3 million (net position). Of this amount, (\$0.6) million is reported as an unrestricted net position deficit.
- At June 30, 2021, the City's governmental funds reported combined ending fund balances on a modified cash basis of approximately \$11 million.
- At the end of fiscal year 2021, unassigned fund balance deficit on a modified cash basis for the governmental funds was (\$2.2) million.

**About the City**

The City of Del City is a council-manager form of government with a population of approximately 22,000 located in Oklahoma County in central Oklahoma. The City is governed by a five-member City Council and operates under state law and City ordinances through the three branches of democratic government:

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

The City provides typical municipal services such as public safety, street and alley maintenance, parks and recreation, library, community development, and through its Utilities Authority, certain utility services including water, wastewater, and sanitation.

***The City's Financial Reporting Entity***

This annual report includes all activities for which the City Council is fiscally responsible. These activities, defined as the City's financial reporting entity, are operated within separate legal entities that make up the primary government.

The City's financial reporting entity includes the following separate legal entities.

- **The City of Del City (primary government)** - operates the public safety, streets, health and welfare, culture and recreation, and administrative activities of the City.
- **The Del City Municipal Services Authority (DCMSA)** – public trust created pursuant to 60 O.S. § 176 to operate the water, wastewater and sanitation services of the City. The City of Del City is the beneficiary of the trust and the City Council serves as the governing body of the trust.

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- **The Del City Economic Development Authority (DCEDA)** – public trust created pursuant to 60 O.S. § 176 to promote development within the City. The Del City Council appoints the trustees.

In addition, as required by state law, all debt obligations incurred by the trusts must be approved by two-thirds vote of the City Council. This is considered sufficient imposition of will to demonstrate financial accountability and to include the trust within the City’s financial reporting entity. The public trusts do not issue separate annual financial statements.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements presented herein include all of the activities of the City of Del City (the “City”), the Del City Municipal Services Authority, and the Del City Economic Development Authority (the “Authorities”). Included in this report are government-wide statements for each of the two categories of activities - governmental and business-type.

The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the modified cash basis of accounting. They present governmental and business-type activities separately and combined. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City’s operations in more detail than the government-wide statements by providing information about the City’s most significant funds.

### **Reporting the City as a Whole**

#### **The Statement of Net Position and the Statement of Activities**

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

These two government-wide statements report the City’s net position and changes in them from the prior year. You can think of the City’s net position – the difference between assets and liabilities– as one way to measure the City’s financial condition, or position. Over time, increases or decreases in the City’s net position are one indicator of whether its financial health is improving, deteriorating, or remaining steady.

As mentioned above, in the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental activities** -- Most of 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 most of these activities.

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- Business-type activities -- The City typically charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, wastewater, and sanitation activities are reported here.

## **Reporting the City's Most Significant Funds**

### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. 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. Governmental funds report their activities on a modified cash basis of accounting that is different from other funds. For example, these funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

*Proprietary funds* – When the City, mainly through the Municipal Services Authority, charges customers for the services it provides, these services are generally reported in a type of proprietary fund known as an “enterprise fund”. The City's proprietary-type enterprise funds are reported on the modified cash basis of accounting. For example, enterprise fund capital assets are capitalized and depreciated, while principal payments on long-term debt are recorded as a reduction to the liability. The City's proprietary-type enterprise fund is the Del City Municipal Services Authority that accounts for the operation of the water, wastewater, and sanitation activities.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 31-49 of this report.

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**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents a Budgetary Comparison Schedule for the General Fund, combining financial statements and schedules and federal award schedule.

**A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the primary government, on a modified cash basis, assets exceeded liabilities by \$42.3 million at the close of the most recent fiscal year.

**NET POSITION - Modified Cash Basis (In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2021	2020*		2021	2020*		2021	2020*	
Current assets	\$ 10,979	\$ 6,667	65%	\$ 1,553	\$ 6,559	-76%	\$ 12,532	\$ 13,226	-5%
Capital assets, net	35,934	32,146	12%	27,974	29,120	-4%	63,908	61,266	4%
<b>Total assets</b>	<b>46,913</b>	<b>38,813</b>	<b>21%</b>	<b>29,527</b>	<b>35,679</b>	<b>-17%</b>	<b>76,440</b>	<b>74,492</b>	<b>3%</b>
Current liabilities	6,046	440	1274%	1,914	7,384	-74%	7,960	7,824	2%
Non-current liabilities	10,754	2,655	305%	15,392	26,499	-42%	26,146	29,154	-10%
<b>Total liabilities</b>	<b>16,800</b>	<b>3,095</b>	<b>443%</b>	<b>17,306</b>	<b>33,883</b>	<b>-49%</b>	<b>34,106</b>	<b>36,978</b>	<b>-8%</b>
Net position									
Net investment in capital assets	23,308	29,087	-20%	11,316	11,223	1%	34,624	40,310	-14%
Restricted	8,311	6,496	28%	-	9,271	-100%	8,311	15,767	-47%
Unrestricted (deficit)	(1,506)	135	-1216%	905	(18,698)	-105%	(601)	(18,563)	-97%
<b>Total net position</b>	<b>\$ 30,113</b>	<b>\$ 35,718</b>	<b>-16%</b>	<b>\$ 12,221</b>	<b>\$ 1,796</b>	<b>580%</b>	<b>\$ 42,334</b>	<b>\$ 37,514</b>	<b>13%</b>

\*Prior year balances have not been restated to reflect prior period adjustments. (See Note 6)

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. For 2021, this net investment in capital assets, amounted to \$34.6 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A major portion of the City's net position, \$8.3 million, also represents resources that are subject to external restrictions on how they may be used. The remaining net position represents an unrestricted net position deficit.

**Changes in Net Position**

For the year ended June 30, 2021, on the modified cash basis of accounting, net position of the primary government changed as follows:

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**CHANGES IN NET POSITION - Modified Cash Basis (In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2021	2020*		2021	2020*		2021	2020*	
<b>Revenues</b>									
Charges for service	\$ 1,427	\$ 1,200	19%	\$ 8,612	\$ 8,005	8%	\$ 10,039	\$ 9,205	9%
Operating grants and contributions	494	309	60%	-	-	-	494	309	60%
Taxes	15,697	15,048	4%	-	-	-	15,697	15,048	4%
Intergovernmental revenue	2,022	-	100%	-	-	-	2,022	-	100%
Investment income	5	9	-44%	-	161	-100%	5	170	-97%
Miscellaneous	293	39	651%	26	33	-21%	319	72	343%
<b>Total revenues</b>	<b>19,938</b>	<b>16,605</b>	<b>20%</b>	<b>8,638</b>	<b>8,199</b>	<b>5%</b>	<b>28,576</b>	<b>24,804</b>	<b>15%</b>
<b>Expenses</b>									
General government	4,307	2,789	54%	-	838	-100%	4,307	3,627	19%
Public safety	9,342	7,411	26%	-	-	-	9,342	7,411	26%
Streets	1,231	560	120%	-	-	-	1,231	560	120%
Drainage	56	33	70%	-	-	-	56	33	70%
Community Services	809	738	10%	-	-	-	809	738	10%
Culture and Recreation	363	302	20%	-	-	-	363	302	20%
Economic development	863	104	730%	-	699	-100%	863	803	7%
Unallocated depreciation	-	1,687	-100%	-	-	-	-	1,687	-100%
Water	-	-	-	4,087	2,267	80%	4,087	2,267	80%
Wastewater	-	-	-	1,809	1,459	24%	1,809	1,459	24%
Sanitation	-	-	-	1,224	1,591	-23%	1,224	1,591	-23%
Fleet maintenance	-	-	-	-	666	-100%	-	666	-100%
Interest on long-term debt	639	92	595%	-	987	-100%	639	1,079	-41%
<b>Total expenses</b>	<b>17,610</b>	<b>13,716</b>	<b>28%</b>	<b>7,120</b>	<b>8,507</b>	<b>-16%</b>	<b>24,730</b>	<b>22,223</b>	<b>11%</b>
Excess (deficiency) before transfers and special item	2,328	2,889	-19%	1,518	(308)	-593%	3,846	2,581	49%
Transfers	(52)	306	-117%	52	(306)	-117%	-	-	-
<b>Change in net position</b>	<b>2,276</b>	<b>3,195</b>	<b>-29%</b>	<b>1,570</b>	<b>(614)</b>	<b>-356%</b>	<b>3,846</b>	<b>2,581</b>	<b>49%</b>
<b>Beginning net position, restated for 2021</b>	<b>27,837</b>	<b>32,523</b>	<b>-14%</b>	<b>10,651</b>	<b>2,410</b>	<b>342%</b>	<b>38,488</b>	<b>34,933</b>	<b>10%</b>
<b>Ending net position</b>	<b>\$ 30,113</b>	<b>\$ 35,718</b>	<b>-16%</b>	<b>\$ 12,221</b>	<b>\$ 1,796</b>	<b>580%</b>	<b>\$ 42,334</b>	<b>\$ 37,514</b>	<b>13%</b>

\*Prior year balances have not been restated to reflect prior period adjustments. (See Note 6)

**Governmental Activities**

The governmental activities, on the modified cash basis of accounting, had an increase in net position of approximately \$2.3 million.

**Net Revenue (Expense) of Governmental Activities  
(In Thousands)**

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2021	2020*		2021	2020*	
General government	\$ 4,307	\$ 2,789	54%	(\$4,101)	(\$2,381)	72%
Public safety	9,342	7,411	26%	(8,188)	(6,380)	28%
Streets	1,231	560	120%	(1,039)	(560)	86%
Drainage	56	33	70%	185	(32)	-678%
Community services	809	738	10%	(809)	(738)	10%
Culture and recreation	363	302	20%	(273)	(104)	163%
Economic development	863	104	730%	(825)	(233)	254%
Unallocated depreciation	-	1,687	-100%	-	(1,687)	100%
Interest on long-term debt	639	92	595%	(639)	(92)	595%
<b>Total</b>	<b>\$ 17,610</b>	<b>\$ 13,716</b>	<b>28%</b>	<b>(\$15,689)</b>	<b>(\$12,207)</b>	<b>29%</b>

\*Prior year balances have not been restated to reflect prior period adjustments. (See Note 6)

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**Business-type Activities**

The business-type activities, on the modified cash basis of accounting, had an increase in net position of approximately \$1.6 million. In reviewing the departmental net (expense)/revenue, wastewater and sanitation utility activity charges for services in 2021 were sufficient to cover expenses.

**Net Revenue (Expense) of Business-Type Activities**  
**(In Thousands)**

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	2021	2020*		2021	2020*	
	Water	4,087		\$ 2,267	80%	
Wastewater	1,809	1,460	24%	1,081	1,477	-27%
Sanitation	1,224	1,591	-23%	1,015	485	109%
General government	-	838	-100%	-	(838)	-100%
Economic development	-	699	-100%	-	(699)	-100%
Interest in Long-term debt	-	987	-100%	-	(987)	-100%
Fleet maintenance	-	666	-100%	-	(666)	-100%
<b>Total</b>	<b>\$ 7,120</b>	<b>\$ 8,508</b>	<b>-16%</b>	<b>\$1,493</b>	<b>\$(503)</b>	<b>-397%</b>

\*Prior year balances have not been restated to reflect prior period adjustments. (See Note 6)

**A FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As the City completed its 2021 fiscal year, the governmental funds reported, on a modified cash basis of accounting, a combined fund balance of about \$11.0 million or a 22.6% decrease from the restated 2020 amount. The enterprise fund reported, on a modified cash basis of accounting, combined net position of \$12.2 million or a 14.7% increase from the restated 2020 amount.

Other fund highlights include:

- For the year ended June 30, 2021, the General Fund's total fund balance increased by \$1.4 million or 160% related mainly to receipt of CARES Act Funds of about \$1.7 million.
- The Del City Economic Development Authority Fund decreased its Fund Balance by \$5.1 million or 75% due mainly to the use of note proceeds for capital projects.

**Budgetary Highlights**

For the year ended June 30, 2021, the General Fund reported actual budgetary basis revenues under final estimates by \$1,336,733 or an 8.6% negative variance which was due mainly to transfers in being less than final estimates \$1.8 million. General Fund actual expenditures were under final appropriations by \$4.6 million or a 26.4% positive variance due mainly to transfer out being less than final estimates by \$3.1 million.

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2021, the City had \$64 million invested in capital assets (net of depreciation), as reported on a modified cash basis, including land, buildings, machinery and equipment, construction in progress, and infrastructure. This represents a net increase of approximately \$2.6 million over last year.

	<b>Capital Assets</b> (In Thousands) (Net of accumulated depreciation)					
	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Activities</b>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 1,927	\$ 1,927	\$ 984	\$ 984	\$ 2,911	\$ 2,911
Buildings	13,492	10,122	19,962	20,748	33,454	30,870
Machinery, furniture and equipment	4,636	2,966	1,456	1,570	6,092	4,536
Infrastructure	15,740	14,862	5,572	5,815	21,312	20,677
Construction in progress	139	2,270	-	3	139	2,273
<b>Totals</b>	<b><u>\$ 35,934</u></b>	<b><u>\$ 32,147</u></b>	<b><u>\$ 27,974</u></b>	<b><u>\$ 29,120</u></b>	<b><u>\$ 63,908</u></b>	<b><u>\$ 61,267</u></b>

This year's more significant capital asset addition includes:

77 ft. MVP Inferno Chassis	1,050,808
Motorola Phase 2 radios & dispatch	773,382
Library	3,753,159

See Note 3 to the financial statements for more detail information on the City's capital assets and changes therein.

**Long-Term Debt**

At year-end, the City had \$33.4 million in long-term debt outstanding which represents a \$2.9 million or 8.1% decrease from the prior year. This is mainly the result of normal payments of \$2.9 million. The City's changes in long-term debt by type of debt are as follows:

	<b>Long-Term Debt</b> (In Thousands)						<b>Total</b> <b>Percentage</b> <b>Change</b> <b>2020-2021</b>
	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>		
	<b>Activities</b>		<b>Activities</b>		<b>Activities</b>		
	<u>2021</u>	<u>Restated</u> <u>2020</u>	<u>2021</u>	<u>Restated</u> <u>2020</u>	<u>2021</u>	<u>Restated</u> <u>2020</u>	
Notes payable	\$ 14,129	\$ 15,401	\$ 16,658	\$ 17,897	\$ 30,787	\$ 33,298	-7.5%
Bonds payable	2,640	3,060	-	-	2,640	3,060	0.0%
<b>Totals</b>	<b><u>\$ 16,769</u></b>	<b><u>\$ 18,461</u></b>	<b><u>\$ 16,658</u></b>	<b><u>\$ 17,897</u></b>	<b><u>\$ 33,427</u></b>	<b><u>\$ 36,358</u></b>	<b>-8.1%</b>

See Note 5 to the financial statements for more detail information on the City's long-term debt.

## **ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES**

The following information outlines significant known factors that will affect subsequent year finances:

- The FY 2022 budget is consistent to prior years for operational expenses.

### **Contacting the City's Financial Management**

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk's office at 3701 SE 15<sup>th</sup> Street, Del City, Oklahoma 73115 or telephone at 405-677-5741.



**CITY OF DEL CITY, OKLAHOMA  
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**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE**

**CITY OF DEL CITY, OKLAHOMA**  
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**Statement of Net Position (Modified Cash Basis)– June 30, 2021**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,782,150	\$ 1,131,565	\$ 6,913,715
Investments	42,554	-	42,554
Restricted cash and cash equivalents	4,928,265	648,101	5,576,366
Internal Balances	226,886	(226,886)	-
Capital Assets:			
Land and construction in progress	2,065,751	983,781	3,049,532
Other capital assets, net of depreciation	33,867,842	26,990,145	60,857,987
Total Assets	46,913,448	29,526,706	76,440,154
<b>LIABILITIES</b>			
Other payables	31,216	-	31,216
Meter deposit liability	-	648,101	648,101
Long-term liabilities			
Due within one year	6,015,202	1,265,378	7,280,580
Due in more than one year	10,753,539	15,392,425	26,145,964
Total liabilities	16,799,957	17,305,904	34,105,861
<b>NET POSITION</b>			
Net investment in capital assets	23,308,282	11,316,123	34,624,405
Restricted for:			
Debt Service	1,331,822	-	1,331,822
Capital projects	626,517	-	626,517
Limited sales tax purposes	454,665	-	454,665
Economic development	2,958,090	-	2,958,090
Neighborhood enhancement	2,782,264	-	2,782,264
Other	157,425	-	157,425
Unrestricted (deficit)	(1,505,574)	904,679	(600,895)
Total net position	\$ 30,113,491	\$ 12,220,802	\$ 42,334,293

See accompanying notes to the basic financial statements.

**CITY OF DEL CITY, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
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**Statement of Activities (Modified Cash Basis) –Year Ended June 30, 2021**

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government</b>								
Governmental Activities								
General Government	\$ 4,306,581	\$ -	\$ 197,501	\$ 7,970	\$ -	\$ (4,101,110)	\$ -	\$ (4,101,110)
Public Safety	9,341,698	-	860,089	293,903	-	(8,187,706)	-	(8,187,706)
Streets	1,231,166	-	-	192,609	-	(1,038,557)	-	(1,038,557)
Drainage	56,137	-	240,796	-	-	184,659	-	184,659
Community services	808,656	-	-	-	-	(808,656)	-	(808,656)
Culture and Recreation	362,575	-	89,873	-	-	(272,702)	-	(272,702)
Economic Development	863,020	-	38,492	-	-	(824,528)	-	(824,528)
Interest on Long-term debt	639,254	-	-	-	-	(639,254)	-	(639,254)
Total governmental activities	17,609,087	-	1,426,751	494,482	-	(15,687,854)	-	(15,687,854)
Business-type activities:								
Water	3,755,528	331,377	3,483,486	-	-	-	(603,419)	(603,419)
Wastewater	1,533,782	274,860	2,889,378	-	-	-	1,080,736	1,080,736
Sanitation	1,011,132	213,019	2,239,302	-	-	-	1,015,151	1,015,151
General Government	366,186	(366,186)	-	-	-	-	-	-
Fleet Maintenance	453,070	(453,070)	-	-	-	-	-	-
Total business-type activities	7,119,698	-	8,612,166	-	-	-	1,492,468	1,492,468
Total primary government	24,728,785	-	10,038,917	494,482	-	(15,687,854)	1,492,468	(14,195,386)
<b>General revenues:</b>								
Taxes:								
Sales and use taxes						\$ 14,132,692	\$ -	\$ 14,132,692
Ad valorem taxes						544,361	-	544,361
Franchise taxes and public service taxes						870,691	-	870,691
Hotel/motel taxes						148,559	-	148,559
Intergovernmental revenue not restricted to specific programs						2,021,668	-	2,021,668
Unrestricted investment earnings						4,714	-	4,714
Miscellaneous						293,325	26,120	319,445
Transfers						(51,594)	51,594	-
Total general revenues and transfers						17,964,416	77,714	18,042,130
Change in net position						2,276,562	1,570,182	3,846,744
Net position - beginning, restated						27,836,929	10,650,620	38,487,549
Net position - ending						\$ 30,113,491	\$ 12,220,802	\$ 42,334,293

See accompanying notes to the basic financial statements.

**CITY OF DEL CITY, OKLAHOMA  
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---

**BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS**

**CITY OF DEL CITY, OKLAHOMA  
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**Governmental Funds Balance Sheet (Modified Cash Basis)- June 30, 2021**

	General Fund	Limited Purpose Sales Tax	Economic Development	Neighborhood Enhancement	Del City Economic Development Authority	Public Safety Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ 1,167,284	\$ 175,856	\$ 1,319,146	\$ 1,833,935	\$ -	\$ -	\$ 1,285,929	\$ 5,782,150
Restricted cash and cash equivalents	-	380,286	-	-	4,547,979	-	-	4,928,265
Investments	42,554	-	-	-	-	-	-	42,554
Due from other funds	343,628	1,227,138	1,638,944	948,329	-	-	45,000	4,203,039
Total assets	<u>\$ 1,553,466</u>	<u>\$ 1,783,280</u>	<u>\$ 2,958,090</u>	<u>\$ 2,782,264</u>	<u>\$ 4,547,979</u>	<u>\$ -</u>	<u>\$ 1,330,929</u>	<u>\$ 14,956,008</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Due to other funds	\$ 198,551	\$ 948,329	\$ -	\$ -	2,829,273	-	-	\$ 3,976,153
Other payables	31,216	-	-	-	-	-	-	31,216
Total liabilities	<u>229,767</u>	<u>948,329</u>	<u>-</u>	<u>-</u>	<u>2,829,273</u>	<u>-</u>	<u>-</u>	<u>4,007,369</u>
Fund balances:								
Restricted		834,951	2,958,090	2,782,264	4,547,979	-	1,330,929	12,454,213
Assigned	705,596	-	-	-	-	-	-	705,596
Unassigned (deficit)	618,103	-	-	-	(2,829,273)	-	-	(2,211,170)
Total fund balances	<u>1,323,699</u>	<u>834,951</u>	<u>2,958,090</u>	<u>2,782,264</u>	<u>1,718,706</u>	<u>-</u>	<u>1,330,929</u>	<u>10,948,639</u>
Total liabilities and fund balances	<u>\$ 1,553,466</u>	<u>\$ 1,783,280</u>	<u>\$ 2,958,090</u>	<u>\$ 2,782,264</u>	<u>\$ 4,547,979</u>	<u>\$ -</u>	<u>\$ 1,330,929</u>	<u>\$ 14,956,008</u>

See accompanying notes to the basic financial statements.

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**Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances**  
**(Modified Cash Basis) – Year Ended June 30, 2021**

	General Fund	Limited Purpose Sales Tax	Economic Development	Neighborhood Enhancement	Del City Economic Development Authority	Public Safety Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>								
Taxes	\$ 8,461,766	\$ 3,808,101	\$ 705,204	\$ 705,204	\$ -	\$ 1,410,408	\$ 692,920	\$ 15,783,603
Intergovernmental	2,149,471	11,906	-	-	-	259,503	7,970	2,428,850
Charges for services	393,540	-	-	-	38,492	-	-	432,032
Fees and fines	803,934	-	-	-	-	-	-	803,934
Licenses and permits	220,279	-	-	-	-	-	-	220,279
Investment earnings	3,907	45	-	-	762	-	-	4,714
Miscellaneous	179,064	-	53,104	-	-	-	31,663	263,831
Total revenues	<u>12,211,961</u>	<u>3,820,052</u>	<u>758,308</u>	<u>705,204</u>	<u>39,254</u>	<u>1,669,911</u>	<u>732,553</u>	<u>19,937,243</u>
<b>EXPENDITURES</b>								
Current:								
General government	3,739,499	-	-	63,489	-	-	27,860	3,830,848
Administration	150,200	-	-	-	-	-	-	150,200
Municipal court	306,843	-	-	-	-	-	-	306,843
Community services	643,002	-	-	-	-	-	-	643,002
Public safety	5,617,632	-	-	-	-	2,558,845	17,181	8,193,658
Street and alley	556,147	-	-	-	-	-	-	556,147
Drainage	21,482	-	-	-	-	-	-	21,482
Culture and recreation	322,779	-	-	-	-	-	-	322,779
Economic development	-	-	101,961	-	1,033,997	-	86,316	1,222,274
Debt Service:								
Principal	-	-	-	-	1,280,000	-	440,528	1,720,528
Interest and other charges	-	-	-	-	551,886	-	81,308	633,194
Capital Outlay	1,019,008	99,125	-	-	4,443,036	-	338	5,561,507
Total Expenditures	<u>12,376,592</u>	<u>99,125</u>	<u>101,961</u>	<u>63,489</u>	<u>7,308,919</u>	<u>2,558,845</u>	<u>653,531</u>	<u>23,162,462</u>
Excess (deficiency) of revenues over expenditures	<u>(164,631)</u>	<u>3,720,927</u>	<u>656,347</u>	<u>641,715</u>	<u>(7,269,665)</u>	<u>(888,934)</u>	<u>79,022</u>	<u>(3,225,219)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Proceeds from long-term debt	-	-	-	-	150	-	27,860	28,010
Transfers in	2,164,687	-	-	-	2,202,713	875,016	-	5,242,416
Transfers out	(1,523,330)	(3,570,170)	-	-	-	(829)	(153,832)	(5,248,161)
Total other financing sources and uses	<u>641,357</u>	<u>(3,570,170)</u>	<u>-</u>	<u>-</u>	<u>2,202,863</u>	<u>874,187</u>	<u>(125,972)</u>	<u>22,265</u>
Net change in fund balances	476,726	150,757	656,347	641,715	(5,066,802)	(14,747)	(46,950)	(3,202,954)
Fund balances - beginning, restated	846,973	684,194	2,301,743	2,140,549	6,785,508	14,747	1,377,879	14,151,593
Fund balances - ending	<u>\$ 1,323,699</u>	<u>\$ 834,951</u>	<u>\$ 2,958,090</u>	<u>\$ 2,782,264</u>	<u>\$ 1,718,706</u>	<u>\$ -</u>	<u>\$ 1,330,929</u>	<u>\$ 10,948,639</u>

See accompanying notes to the basic financial statements.

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**Reconciliation of Governmental Funds and Government-Wide Financial Statements- (Modified Cash Basis):**

Total fund balance, governmental funds	\$	10,948,639
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		
		35,933,593
Some liabilities, are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		
		(16,768,741)
 Net Position of Governmental Activities	 \$	 <u>30,113,491</u>
 Net change in fund balances - total governmental funds:	 \$	 (3,202,954)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.		
Capital asset purchases capitalized		5,691,730
Loss on disposal of capital assets		(143,113)
Depreciation expense		(1,761,619)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:		
Principal payments on long-term debt		1,720,528
Proceeds of long-term debt		(28,010)
 Change in net position of governmental activities	 \$	 <u>2,276,562</u>

See accompanying notes to the basic financial statements.

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**BASIC FINANCIAL STATEMENTS – PROPRIETARY-TYPE ENTERPRISE FUNDS**



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**Proprietary Funds Statement of Net Position (Modified Cash Basis) - June 30, 2021**

	<b>Enterprise Funds</b>
	<b>DeI City Municipal Services Authority</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,131,565
Restricted:	
Cash and cash equivalents	648,101
Due from other funds	198,351
Total current assets	1,978,017
Non-current assets:	
Capital Assets:	
Land and construction in progress	983,781
Other capital assets, net of accumulated depreciation	26,990,145
Total non-current assets	27,973,926
Total assets	29,951,943
<b>LIABILITIES</b>	
Current Liabilities:	
Due to other funds	425,237
Meter deposit liability	648,101
Current portion of:	
Capital lease obligation	25,947
Notes payable	1,239,431
Total current liabilities	2,338,716
Non-current liabilities:	
Capital lease obligation	105,567
Notes payable	15,286,858
Total non-current liabilities	15,392,425
Total liabilities	17,731,141
<b>NET POSITION</b>	
Net investment in capital assets	11,316,123
Unrestricted	904,679
Total net position	\$ 12,220,802

See accompanying notes to the basic financial statements.

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**Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position (Modified Cash Basis) - Year Ended June 30, 2021**

	<b>Enterprise Funds</b>
	<b>Del City Municipal Services Authority</b>
<b>REVENUES</b>	
Charges for services:	
Water	\$ 3,223,011
Sewer	2,889,378
Sanitation	2,239,302
Penalties	230,792
Miscellaneous	29,683
Total operating revenues	8,612,166
<b>OPERATING EXPENSES</b>	
General government	349,066
Administration	1,067,431
Wastewater treatment	767,466
Water	1,404,001
Wastewater	234,271
Sanitation	1,011,132
Fleet maintenance	453,070
Depreciation	1,475,760
Total Operating Expenses	6,762,197
Operating income	1,849,969
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest expense	(357,501)
Miscellaneous revenue	26,120
Total non-operating (expenses)	(331,381)
Income before transfers and capital contributions	1,518,588
Capital contributions	45,849
Transfers in	1,521,160
Transfers out	(1,515,415)
Change in net position	1,570,182
Total net position - beginning, restated	10,650,620
Total net position - ending	\$ 12,220,802

See accompanying notes to the basic financial statements.

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**Proprietary Funds Statement of Cash Flows (Modified Cash Basis) - Year Ended June 30, 2021**

	<b>Enterprise Funds</b>
	<b><u>Del City Municipal Services Authority</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 8,638,286
Payments to suppliers	(2,283,445)
Payments to employees	(3,002,992)
Receipts of customer meter deposits	166,007
Refunds of customer meter deposits	(137,679)
<b>Net cash provided by operating activities</b>	<b>3,380,177</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	1,521,160
Transfers to other funds	(1,515,415)
<b>Net cash provided by noncapital financing activities</b>	<b>5,745</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of capital assets	(283,658)
Principal paid on debt	(1,239,584)
Interest and fiscal agent fees paid on debt	(357,501)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(1,880,743)</b>
<b>Net increase in cash and cash equivalents</b>	1,505,179
<b>Balances - beginning of year, restated</b>	<b>274,486</b>
<b>Balances - end of year</b>	<b>\$ 1,779,666</b>
<b>Reconciliation to Statement of Net Position:</b>	
Cash and cash equivalents	\$ 1,131,565
Restricted cash and cash equivalents - current	648,101
Total cash and cash equivalents, end of year	<b>\$ 1,779,666</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>	
Operating income	\$ 1,849,969
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	1,475,760
Miscellaneous non-operating revenue	26,120
Change in assets and liabilities:	
Deposits subject to refund	28,328
<b>Net cash provided by operating activities</b>	<b>\$ 3,380,177</b>
<b>Noncash transaction - Transfer of capital asset from governmental activities</b>	<b>\$ 45,849</b>

See accompanying notes to the basic financial statements.

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**BASIC FINANCIAL STATEMENTS – FIDUCIARY FUNDS**

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**Fiduciary Fund Statement of Net Position (Modified Cash Basis) - June 30, 2021**

	<b>Custodial Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 23,965
Total assets	23,965
<b>LIABILITIES</b>	
Due to other governments	23,965
Total liabilities	\$ 23,965

**Fiduciary Fund Statement of Changes in Net Position (Modified Cash Basis) –  
Year Ended June 30, 2021**

	<b>Custodial Fund</b>
<b>ADDITIONS</b>	
Other Additions:	
Intergovernmental	\$ 16,080
Total additions	16,080
<b>DEDUCTIONS</b>	
Payment of PILOT revenues to other governments	16,080
Total deductions	16,080
Change in net position	-
Net position - beginning	-
Net position - ending	\$ -

See accompanying notes to the basic financial statements.

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**FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS**

**Footnotes to the Basic Financial Statements:**

**1. Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

The City's financial reporting entity includes three separate legal entities reported as the primary government.

- **The City of Del City** – that operates the public safety, streets and public works, health and welfare, culture and recreation, and administrative activities.
- **The Del City Municipal Services Authority – (DCMSA)** that operates the water, sewer, and sanitation service of the City (*blended*)
- **The Del City Economic Development Authority (DCEDA)** – that operates the economic development services within the City (*blended*)

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

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

*Related Organization*

The **Housing Authority of the City of Del City (DCHA)** is a Public Trust established pursuant to Title 63. While the City Council appoints the board members, there is no financial benefit or burden nor can the city impose its will. The DCHA was formed for the purpose of development, operation, and administration of low rent housing programs. Audited financial statements of the DCHA can be obtained from the Del City City Clerk's office at 3701 SE 15<sup>th</sup> Street, Del City, OK 73115

**B. Basis of Presentation and Accounting**

*Government-Wide Financial Statements:*

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

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- capital assets and the depreciation of those assets, where applicable
- long-term debt
- cash-based interfund receivables and payables
- other cash-based receivables/payables
- investments
- utility deposit liabilities

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

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

- General government: License and permits and FEMA ice storm grant
- Public safety: Fine revenue, marijuana fees, training revenue, school resource officer grant, FEMA safer grant, and other miscellaneous grants
- Streets: Gas excise and commercial vehicle taxes
- Drainage: drainage fees
- Culture and recreation: swimming pool and community center fees
- Economic development: rents and leases
- Water, wastewater, and sanitation: utility revenues

*Governmental Funds:*

*General Fund*

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

*Special Revenue Funds*

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

*Capital Projects Funds*

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



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

**Major Funds:**

- General Fund - accounts for all activities not accounted for in other special-purpose funds (includes the Employee Benefit Account and Workers Comp Account).
- Limited Purpose Sales Tax Fund
- Economic Development Fund
- Neighborhood Enhancement Fund
- Del City Economic Development Authority
- Public Safety Fund

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

**Special Revenue Funds:**

- CDBG Fund
- Hotel/Motel Tax Fund
- Police Training Fund
- Labor Relations Fund
- Police Grant

**Debt Service Fund:**

Debt Service Fund

**Capital Project Fund:**

- Capital Improvements Fund – accounts for funds designated for capital outlay and debt service on capital related debt.

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

*Proprietary Funds:*

The City's proprietary-type fund is comprised of the following major fund:

Del City Municipal Services Authority – accounts for the operation of the water, wastewater, and sanitation activities.

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

*Fiduciary Fund:*

The City's fiduciary fund is comprised of a Custodial Fund that accounts for the collection of PILOT revenue that is held and paid to the Del City Schools. During the fiscal year, the City implemented GASB Statement No. 84, *Fiduciary Activities*. This resulted in the reclassification of certain activity previously reported as fiduciary funds.

**C. Cash, Cash Equivalents, and Investments**

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

**D. Capital Assets and Depreciation**

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund type or proprietary fund type operations and whether they are reported in the government-wide or fund financial statements. In the government-wide and proprietary fund financial statements, property, plant and equipment are accounted for as capital assets, net of accumulated depreciation where applicable. In the governmental fund financial statements, capital assets acquired are accounted for as capital outlay expenditures and not reported as capital assets.

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. A capitalization threshold of \$5,000 is used to report capital assets. Capital assets are reported at actual or estimated historical cost. Capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Prior to July 1, 2012, governmental funds' infrastructure assets (dating back to July 1, 1964), such as streets, bridges, drainage systems, and traffic signal systems were not capitalized. Estimated historical cost was used to value the majority of these assets. Infrastructure assets acquired with cash since July 1, 2012 are recorded at cost.

Depreciable capital assets are depreciated on a straight-line basis over their estimated useful lives. The range of estimated useful lives by type of asset is as follows:

- Buildings 20-50 years
- Improvements other than buildings 20-50 years
- Machinery, furniture and equipment 5-50 years
- Infrastructure 25-50 years

**E. Long-Term Debt**

Accounting treatment of long-term debt varies depending upon whether source of repayment is from governmental fund types or proprietary fund type resources and whether they are reported in the government-wide or fund financial statements. All long-term debt resulting from cash transactions to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for the proprietary funds are the same in the fund statements as it is in the government-wide statements.

## **F. Compensated Absences**

As a result of the use of the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the financial statements. Expenditures/expenses related to compensated absences are recorded when paid. The amount of accrued compensated absences for accumulated, unpaid compensatory time that would be due employees upon termination is reported as a commitment in Note 12.

## **G. Fund Balances and Net Position**

### *Fund Balances:*

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

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

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

Net position is displayed in three components:

- a. *Net investment in capital assets*- Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

It is the City’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

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**H. Internal and Interfund Balances and Transfers**

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

**I. Use of Estimates**

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

**2. Deposits and Investments**

For the year ended June 30, 2021, the City recognized \$4,714 of investment income. Due to the minimal rates of return on allowable investments in the current environment, most of the City's deposits are in demand and short-term time deposits.

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

Type	Credit Rating	Carrying Value
<b>Deposits:</b>		
Petty cash		2,935
Demand deposits		7,582,846
<b>Investments:</b>		
Investment in Judgements	n/a	42,554
Federated Hermes Govt. Obligations Tax-Managed Fund	AAA	4,928,265
<b>Total deposits and investments</b>		<b>\$ 12,556,600</b>
 <b>Reconciliation to Statement of Net Position:</b>		
Cash and cash equivalents		\$ 6,913,715
Investments		42,554
Restricted cash and cash equivalents		5,576,366
Fiduciary fund cash and cash equivalents		23,965
		<b>\$ 12,556,600</b>

*Custody Credit Risk*

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

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As of June 30, 2021, the City’s deposits were insured or collateralized and the City was not exposed to Custody Credit Risk.

*Investment Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City has no investment policy that limits investments based on maturity. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments, where applicable. At June 30, 2021, the City had no investments with maturity dates.

*Investment Credit Risk*

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

As of June 30, 2021, the City’s investments consisted of judgments of \$42,554 and \$4,928,265 of money market open-ended mutual funds invested in U.S. Treasury securities with a credit rating of AAAM as rated by Standard and Poor’s.

*Concentration of Investment Credit Risk*

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

At June 30, 2021, the City had no concentration of credit risk as defined above.

*Restricted Cash and Investments* – The amounts reported as restricted assets on the proprietary fund statement of net position are comprised of amounts restricted for utility deposit purposes, debt service, and bond construction. The restricted assets as of June 30, 2021 are as follows:

	Current
	Cash and cash equivalents
Governmental Activities:	
Series 2019 Construction Account	\$ 4,143,430
Series 2019 Principal and Interest Account	404,549
Series 2016 Principal and Interest Account	380,286
Sub-total Governmental Activities	4,928,265
Business-type Activities:	
Utility deposits	648,101
Total	\$ 5,576,366

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**3. Capital Assets and Depreciation**

*Capital Assets:*

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. Capital assets are reported at actual or estimated historical cost. Donated capital assets are recorded at their fair value at the date of donation. For the year ended June 30, 2021, capital assets balances changed as follows:

	Balance at July 1, 2020	Additions	Transfers	Expensed	Disposals	Balance at June 30, 2021
<b>Governmental activities:</b>						
Non-depreciable:						
Land	\$ 1,926,605	\$ -	\$ -	\$ -	\$ -	\$ 1,926,605
Construction in progress	2,269,878	2,121,927	(4,109,546)	(143,113)	-	139,146
Total non-depreciable assets at historical cost	<u>4,196,483</u>	<u>2,121,927</u>	<u>(4,109,546)</u>	<u>(143,113)</u>	<u>-</u>	<u>2,065,751</u>
Depreciable:						
Buildings	12,936,243	-	3,753,159	-	-	16,689,402
Infrastructure	29,065,375	1,246,892	356,387	-	-	30,668,654
Machinery and Equipment	6,862,725	2,322,911	-	-	-	9,185,636
Total depreciable assets at historical cost	<u>48,864,343</u>	<u>3,569,803</u>	<u>4,109,546</u>	<u>-</u>	<u>-</u>	<u>56,543,692</u>
Less accumulated depreciation for:						
Buildings	2,814,226	382,913	-	-	-	3,197,139
Infrastructure	14,203,120	725,558	-	-	-	14,928,678
Machinery and Equipment	3,896,885	653,148	-	-	-	4,550,033
Total accumulated depreciation	<u>20,914,231</u>	<u>1,761,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,675,850</u>
Net Depreciable Assets	<u>27,950,112</u>	<u>1,808,184</u>	<u>4,109,546</u>	<u>-</u>	<u>-</u>	<u>33,867,842</u>
Governmental activities capital assets, net	<u>\$ 32,146,595</u>	<u>\$ 3,930,111</u>	<u>\$ -</u>	<u>\$ (143,113)</u>	<u>\$ -</u>	<u>\$ 35,933,593</u>
<b>Business-type activities:</b>						
Non-depreciable:						
Land	\$ 983,781	\$ -	\$ -	\$ -	\$ -	\$ 983,781
Construction in progress	3,500	-	(3,500)	-	-	-
Total non-depreciable assets at historical cost	<u>987,281</u>	<u>-</u>	<u>(3,500)</u>	<u>-</u>	<u>-</u>	<u>983,781</u>
Depreciable:						
Buildings	24,694,360	65,458	-	-	-	24,759,818
Machinery and Equipment	9,630,081	189,202	-	-	-	9,819,283
Infrastructure	15,087,590	74,847	3,500	-	-	15,165,937
Total depreciable assets at historical cost	<u>49,412,031</u>	<u>329,507</u>	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>49,745,038</u>
Less accumulated depreciation for:						
Buildings	3,945,872	851,573	-	-	-	4,797,445
Machinery and Equipment	8,060,304	302,870	-	-	-	8,363,174
Infrastructure	9,272,957	321,317	-	-	-	9,594,274
Total accumulated depreciation	<u>21,279,133</u>	<u>1,475,760</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,754,893</u>
Net Depreciable Assets	<u>28,132,898</u>	<u>(1,146,253)</u>	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>26,990,145</u>
Business-type activities capital assets, net	<u>\$ 29,120,179</u>	<u>\$ (1,146,253)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,973,926</u>

Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset. Depreciation expense has been allocated as follows:

Governmental Activities:

General government	\$ 218,878
Public safety	813,783
Streets	533,719
Drainage	34,655
Community services	113,443
Culture and recreation	47,141
	<u>\$ 1,761,619</u>

Business-Type Activities:

Water	\$ 1,111,196
Sewer	174,544
Sanitation	172,900
General government	17,120
	<u>\$ 1,475,760</u>

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

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

Type of Debt	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due Within One Year
<b>Governmental:</b>					
General Obligation Bonds - Series 2011A	\$ 1,530,000	\$ -	\$ 210,000	\$ 1,320,000	\$ 210,000
General Obligation Bonds - Series 2011B	1,530,000	-	210,000	1,320,000	210,000
Judgments Payable	35,222	27,860	20,528	42,554	23,981
Notes Payable-Direct Borrowings:					
DCEDA Line of Credit	4,246,071	150	-	4,246,221	4,246,221
DCEDA 2019 Sales Tax Revenue Note	11,119,966	-	1,280,000	9,839,966	1,325,000
Total Governmental	<u>\$ 18,461,259</u>	<u>\$ 28,010</u>	<u>\$ 1,720,528</u>	<u>\$ 16,768,741</u>	<u>\$ 6,015,202</u>
<b>Business-Type:</b>					
Del City MSA					
Notes Payable-Direct Borrowings	17,740,612	-	1,214,324	16,526,288	1,239,431
Contract Payable-Direct Borrowings	156,775	-	25,260	131,515	25,947
Total Business-Type	<u>\$ 17,897,387</u>	<u>\$ -</u>	<u>\$ 1,239,584</u>	<u>\$ 16,657,803</u>	<u>\$ 1,265,378</u>
Total Long-Term Debt	<u>\$ 36,358,646</u>	<u>\$ 28,010</u>	<u>\$ 2,960,112</u>	<u>\$ 33,426,544</u>	<u>\$ 7,280,580</u>

**Reconciliation to Statement of Net Position:**

**Governmental Activities:**

Due within one year	\$ 6,015,202
Due in more than one year	10,753,539
Total Governmental Activities Long-term liabilities	<u>\$ 16,768,741</u>

**Business-Type Activities:**

Due within one year	1,265,378
Due in more than one year	15,392,425
Total Business-Type Activities Long-term liabilities	<u>\$ 16,657,803</u>

*Governmental activities long-term debt:*

**General Obligation Bonds Payable:**

\$3,000,000 General Obligation Bonds, Series 2011A, due in annual installments of \$210,000 with a final installment of \$270,000; final maturity in November 2026 with interest rates between 3.1% and 1.7%. Used to purchase firefighting vehicles and outdoor siren warning system	\$ 1,320,000
\$3,000,000 General Obligation Limited Tax Bonds, Series 2011B, due in annual installments of \$210,000 with a final installment of \$270,000; final maturity in November 2026 with interest rates between 3.1% - 1.7%. Used for construction or improvement of stormwater drainage facilities.	<u>1,320,000</u>
Total General Obligation Bonds Payable	<u>\$ 2,640,000</u>
	Current portion \$ 420,000
	Noncurrent portion 2,220,000
	<u>Total \$ 2,640,000</u>

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**Del City Economic Development Authority (DCEDA):**

*Notes Payable (direct borrowings):*

2019 Sales Tax Revenue Note payable to BancFirst, original amount of \$12,365,000, issued by the Del City Economic Development Authority in April 2019, secured by and payable from a year-to-year pledge of certain sales tax revenues; due in semi-annual installments, used to finance certain capital improvements, including specifically the repair and replacement of various streets throughout the City, the construction of a new municipal library, and the acquisition of vehicles and equipment for various departments, matures in April 2033, with 3.13% interest. In the event of default on the note, the lender shall have all the rights and remedies at law or equity as may be allowed by law, suit for specific performance of any or all of the covenants in the note indenture, requiring the Sales Tax Revenue be deposited directly as received with the Bank, and acceleration of the payment of principal of and interest accrued on all notes.

\$ 9,839,966

Line of Credit note payable to FNB Community Bank, original amount \$5,000,000, issued by the Del City Economic Development Authority in October 2020, secured by first mortgage of real estate dated 10/7/2014 on unassigned property in Del City, a first mortgage of real estate dated 6/27/16 on property located at 759 S. Scott Street, Del City, and a first mortgage of real estate dated 12/18/18 on property located at 3140 and 3204 Tinker Diagonal, Del City; due in one payment of all outstanding principal plus all accrued unpaid interest on 10/10/21, used for the purchase and development of land, with 5% interest. In the event of default on the note, the lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and lender shall have all the rights and remedies provided in the documents or available at law.

4,246,221

Total Notes Payable from Direct Borrowings

\$ 14,086,187

Current portion	\$ 5,571,221
Noncurrent portion	8,514,966
Total	<u>\$ 14,086,187</u>

**Del City Municipal Services Authority:**

*Notes Payable (direct borrowings):*

Contract payable to Central Oklahoma Master Conservancy District is Del City's estimated share of the cost of a new water facility. The project is a joint project with Norman, Del City, and Midwest City. The contract provides the City with a share of the District's water supply (15.8). Original amount of \$397,502 dated September 2009, and renewed January 1, 2017, payments made semi-annually, at 2.44% interest, default provisions include termination of water delivery and District assessing and collecting from City customers directly, maturity date 9/15/26.

\$ 131,515

2009 Oklahoma Water Resources Board note payable original amount \$1,190,000 issued 10/1/2009 by the Del City Municipal Services Authority, used for modifications to their wastewater treatment plant, secured by net revenues derived from the operation of the water and wastewater system, due in semi-annual installments, matures March 15, 2030, at 2.58% interest. In the event of default on the note, the lender shall have all the rights and remedies at law or equity as may be allowed by law, suit for specific performance of any or all of the covenants of the borrower contained in this loan agreement, acceleration of payment of principal of and interest accrued on the note, appointment of temporary trustees to take over, operate, and maintain the system on a profitable basis and ensure the payment of the principal of and interest and administrative fees on the note and any other borrower indebtedness, suit at law or equity to enforce or enjoin the action or inaction of parties under the provisions of the loan agreement.

409,475



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2016 Oklahoma Water Resources Board note payable original amount \$21,000,000 issued 11/1/2016 by the Del City Municipal Services Authority, used for the cost of constructing improvements to the sanitary sewer system, secured by revenues derived from the operation of the system and from the sales tax agreement, due in semi-annual installments, at 2% interest, matures March 2033. In the event of default on the note, the lender shall have all the rights and remedies at law or equity as may be allowed by law, suit for specific performance of any or all of the covenants of the borrower contained in the loan agreement, acceleration of payment of principal of and interest accrued on the note, appointment of temporary trustees to take over, operate, and maintain the system on a profitable basis and ensure the payment of the principal of and interest and administrative fees on the note and any other borrower indebtedness, suit at law or equity to enforce or enjoin the action or inaction of parties under the provisionment.

	16,116,813
Total Notes Payable from Direct Borrowings	16,657,803
Current portion	\$ 1,265,378
Noncurrent portion	15,392,425
Total Notes Payable	\$ 16,657,803

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

Year Ending June 30,	Governmental-Type Activities				Business-Type Activities	
	Bonds Payable		Notes Payable (Direct Borrowings)		Notes and Contracts Payable (Direct Borrowings)	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 420,000	\$ 60,720	\$ 5,571,221	\$ 510,045	\$ 1,265,378	\$ 333,791
2023	420,000	53,280	1,360,000	255,956	1,290,115	308,040
2024	420,000	45,900	1,400,000	213,075	1,315,548	282,509
2025	420,000	37,260	600,000	175,437	1,343,007	254,948
2026	420,000	27,360	620,000	156,500	1,370,292	227,568
2027-2031	540,000	32,940	3,400,000	515,589	7,108,657	707,630
2032-2036	-	-	1,134,966	39,047	2,964,806	76,183
Totals	\$ 2,640,000	\$ 257,460	\$ 14,086,187	\$ 1,865,649	\$ 16,657,803	\$ 2,190,669

## 5. Net Position and Fund Balances

Net position is displayed in three components:

- a. *Net investment in capital assets*- Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* - All other net position that does not meet the definition of “restricted” or “net investment of capital assets.”

It is the City’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

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**Fund Balance:**

The following tables show the fund balance classifications as shown on the Governmental Funds Balance Sheet:

General Fund	Major Special Revenue Funds					Other Governmental Funds	TOTAL
	Limited Purpose Sales Tax	Economic Development	Neighborhood Enhancement	Del City Economic Dev. Authority	Public Safety		
<b>Fund Balances:</b>							
<b>Restricted for:</b>							
Capital projects	\$ -	\$ -	\$ -	\$ -	\$ 4,143,430	\$ -	\$ 4,769,947
Debt service	-	-	-	-	404,549	-	951,536
Limited sales tax purposes	-	834,951	-	-	-	-	834,951
Economic development	-	-	2,958,090	-	-	-	2,958,090
Neighborhood enhancement	-	-	-	2,782,264	-	-	2,782,264
CDBG	-	-	-	-	-	8,170	8,170
Economic and retail development, beautification, and recreation purposes	-	-	-	-	-	126,877	126,877
Police training	-	-	-	-	-	7,666	7,666
Labor relations	-	-	-	-	-	14,512	14,512
Police grant	-	-	-	-	-	200	200
<b>Sub-total Restricted</b>	<b>-</b>	<b>834,951</b>	<b>2,958,090</b>	<b>2,782,264</b>	<b>4,547,979</b>	<b>-</b>	<b>12,454,213</b>
<b>Assigned to:</b>							
Employee Benefits	76,935	-	-	-	-	-	76,935
Use of fund balance for subsequent budget	628,661	-	-	-	-	-	628,661
<b>Sub-total Assigned</b>	<b>705,596</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>705,596</b>
Unassigned (deficit)	618,103	-	-	-	(2,829,273)	-	(2,211,170)
<b>TOTAL FUND BALANCES</b>	<b>\$ 1,323,699</b>	<b>\$ 834,951</b>	<b>\$ 2,958,090</b>	<b>\$ 2,782,264</b>	<b>\$ 1,718,706</b>	<b>\$ -</b>	<b>\$ 10,948,639</b>

**Prior Period Adjustments:**

The City restated some previous fund balance/net position balances for the following reasons and amounts:

	Governmental Fund				Proprietary Fund		Government-Wide	
	General Fund	Employee Benefit	Del City Economic Development Authority	Public Safety	Del City Municipal Services Authority	Del City Economic Development Authority	Governmental Activities	Business-Type Activities
Beginning fund balance/net position, as previously reported	\$ 162,515	\$ -	\$ -	\$ -	\$ 10,376,464	\$ (8,580,528)	\$ 35,718,251	\$ 1,795,935
Fund reclassification from proprietary to governmental	-	-	(8,580,528)	-	-	8,580,528	(8,580,528)	8,580,528
Remove long-term debt from reclassified governmental fund	-	-	15,366,036	-	-	-	-	-
Move unrestricted cash from fiduciary fund	660,929	-	-	14,747	274,156	-	675,676	274,156
Reduce FSA liability balance to match FSA cash	-	23,070	-	-	-	-	23,070	-
Write off immaterial investment balance	-	459	-	-	-	-	459	-
<b>Beginning fund balance/net position, restated</b>	<b>\$ 823,444</b>	<b>\$ 23,529</b>	<b>\$ 6,785,508</b>	<b>\$ 14,747</b>	<b>\$ 10,650,620</b>	<b>\$ -</b>	<b>\$ 27,836,929</b>	<b>\$ 10,650,620</b>

**6. Sales Tax Revenue**

Sales tax represents a 4.5 cent local tax on each dollar of taxable sales within the City. The following table shows the various restrictions placed on sales tax by voters:

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Code Section	Purpose	Effective Date	Total Levy	Allocation				
				Gen. Fd.	Limited Purpose Sales Tax	Economic Develop.	Neigh. Enhance.	Public Safety
20-24	Support and functions of the municipal gov't	1973	2 cents	2.00				
20-20(B)	Payment of principle and interest for city, DCMSA and DCEDA. 10% for General Fund	1-1-18 thru 1-1-33	1/2 cent	0.05	0.4500			
20-20©	Capital improvements or debt service for City, DCMSA or DCEDA. 10% may be used for General Fund	1-1-18 thru 1-1-33	1/2 cent	0.05	0.4500			
20-20(D)	33% for maintenance repair and resurfacing of streets	1-1-18 thru 1-1-33	1/2 cent		0.1485			
	33% for John Smith Sports Center remodel, the Senior Center, Eagle Lake Trail and other major recreational and beautification projects	1-1-18 thru 1-1-33			0.1485			
	33% to raise and maintain salaries of police and fire personnel	1-1-18 thru 1-1-33			0.1485			
	1% for juvenile justice	1-1-18 thru 1-1-33			0.0045			
	10% may be used for General Fund	1-1-18 thru 1-1-33		0.05				
20-20(F)	Neighborhood and Community Development	1-1-16 indef.	1/2 cent			0.25	0.25	
20-20(H)	Police and firefighter salaries, staffing, benefits and competitive wages	4-1-18 indef.	1/2 cent					0.50
			<b>4.50</b>	<b>2.15</b>	<b>1.35</b>	<b>0.25</b>	<b>0.25</b>	<b>0.50</b>

**Pledge of Future Revenues**

Net Water/Wastewater Revenues Pledge- The City has pledged its net water and wastewater revenues to repay \$1,190,000 of 2009 Series Oklahoma Water Resources Board Notes Payable and \$21,000,000 of 2016 Series Oklahoma Water Resources Board Notes Payable. Proceeds from the notes provided financing for the wastewater system improvements. The bonds are payable through 2030 and 2033, respectively. The total principal and interest payable for the remainder of the life of these notes is \$18,713,670. Total pledged net water/wastewater revenues for the year was \$3,706,651. Debt service payments of \$1,482,909 for the current fiscal year were 40% of the pledged net water/wastewater revenues.

Sales Tax Pledge – The City has pledged 90% of 1% of future sales tax revenues to repay \$21,000,000 of 2016 Series Oklahoma Water Resources Board Notes Payable. Proceeds from the note was used for wastewater system improvements. The note is payable through 2033. The total principal and interest payable for the remainder of the life of the note is \$18,251,388. Total pledged sales tax for the year was \$2,538,734. Debt service payments of \$1,434,757 for the current fiscal year were 57% of the pledged sales taxes.

**Property Tax Levy**

In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the City. At the present time the City levies a property tax to fund the annual debt service requirements of its 2011A and 2011B General Obligation Bonds.

The property tax levy, as determined by the City’s debt service needs, is submitted to the County Excise Board for approval. County assessors, elected officials, determine the taxable value of real estate and personal property in the County. A State Board of Equalization hears complaints on real estate values with the power to equalize assessments. Under present State law, the ratio of assessed value to true value cannot be less than 11 percent or more than 13 ½ percent.

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Property taxes levied by the City are billed and collected by the County Treasurer's office and remitted to the City in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October.

For the year ended June 30, 2021, the City's net assessed valuation of taxable property was \$112,463,217. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2021 was \$4.75.

**7. Internal and Interfund Balances and Transfers**

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

*Transfers:*

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
General Fund	DCEDA	\$ 585,077	TIF Expenses
General Fund	Employee Benefit Fund	26,075	W.C. medical claims
General Fund	Employee Benefit Fund	37,162	Clear unrestricted cash
Limited Purpose Sales Tax Fund	General Fund	418,891	Staffing to General Fund
Limited Purpose Sales Tax Fund	General Fund	12,694	Juvenile justice
Limited Purpose Sales Tax Fund	DCMSA	1,520,949	WWTP project payments
Limited Purpose Sales Tax Fund	DCEDA	1,617,636	Debt service
Public Safety Fund	Employee Benefit Fund	829	Clear unrestricted cash
CDBG Fund	DCMSA	211	Reclass utility payment deposited to CDBG
Public Safety Fund	General Fund	92,370	Merit increases, benefits and competitive wage
Public Safety Fund	General Fund	875,016	To cover negative cash
Hotel/Motel Tax Fund	General Fund	61,251	Vote to use as leverage in General Fd
DCMSA	General Fund	1,500,000	Admin. Fees
DCMSA	Employee Benefit Fund	15,415	Clear unrestricted cash
Total		<u>\$ 6,763,576</u>	

**Reconciliation to Fund Financial Statements and Government-Wide Statement of Activities:**

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Transfer of capital assets</u>	<u>Government-Wide Net Transfers</u>
Governmental Funds	\$ 5,242,416	\$ (5,248,161)	\$ (45,849)	\$ (51,594)
Proprietary Funds	1,521,160	(1,515,415)	45,849	\$ 51,594
Total	<u>\$ 6,763,576</u>	<u>\$ (6,763,576)</u>	<u>\$ -</u>	<u>\$ -</u>

*Balances:*

Interfund receivable and payables at June 30, 2021 were comprised of the following:

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<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
Del City EDA	Limited Purpose Sales Tax	846,901	To clear negative cash
Del City MSA	Limited Purpose Sales Tax	380,237	Unreimbursed expenses
Del City MSA	Debt Service	45,000	To clear negative cash
General Fund	Del City MSA	198,551	To clear negative cash
Del City EDA	Economic Development	1,638,944	To clear negative cash
Limited Purpose Sales Tax	Neighborhood Enhancement	948,329	Unreimbursed expenses
Del City EDA	General Fund	343,428	To clear negative cash
Total		<u>\$ 4,401,390</u>	

**Reconciliation to Fund Financial Statements:**

	<u>Due From</u>	<u>Due To</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 4,203,039	\$ (3,976,153)	\$ 226,886
Proprietary Funds	198,351	(425,237)	(226,886)
Total	<u>\$ 4,401,390</u>	<u>\$ (4,401,390)</u>	<u>\$ -</u>

## 8. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The City manages these various risks of loss by securing commercial insurance for all risks, except for participation in the Oklahoma Municipal Assurance Group risk entity pool for certain coverage. Management believes such insurance coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

## 9. Pension Plan Participation

The City of Del City participates in three pension or retirement plans:

1. Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
2. Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan.
3. Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust (OMRF-DBP) – an agent multiple-employer defined benefit plan.

### *Firefighter Pension System:*

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

The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OFPRS, 4545 N. Lincoln Blvd., Suite 264, Oklahoma City, Oklahoma 73105-3707.

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*Funding Policy.* OFPRS plan members are required to contribute 9% of their annual salary. The City is required by state law to contribute 14% of the members' annual salary. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OFPRS contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2021	\$374,547	\$374,547

*Police Pension System:*

*Plan Summary Information.* Pursuant to the requirements of Title 11, Section 22-102, the City of Del City participates in the statewide cost-sharing multi-employer defined benefit plan administered by the Oklahoma Police Pension and Retirement System (OPPRS).

The OPPRS issues a publicly available report that includes financial statements, which can be obtained from the Oklahoma Police Pension and Retirement System, 1001 N.W. 63<sup>rd</sup>, Oklahoma City, Oklahoma, 73116-7335.

*Funding Policy.* The employee contributes 8% to the plan. The City is required by State law to contribute 13% per year per paid police person to the statewide plan. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OPPRS contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2021	\$319,632	\$319,632

*OMRF Defined Benefit Plan:*

The City contributes to the City of Del City Plan and Trust in the form of The Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust, an agent multiple employer - defined benefit plan, for all eligible employees except for those covered by the Firefighter Pension System. Administration of the City's individual plan rests with the City Council. The overall operations of OMRF are supervised by a nine-member Council of Trustees elected by the participating municipalities. JP Morgan of Oklahoma City acts as administrator and securities custodian.

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Eligibility Factors, Contribution Methods and Benefit Provisions

Provision	OMRF Plan
a. Eligible to Participate	Full-time, non-uniformed employees of the City after 1 year of service.
b. Contribution Requirements:	
-Authorization	By City ordinance
-Actuarially Determined	Yes
-Employer Rate	17% of covered payroll
-Employee Rate	7% of covered payroll
c. Period Required to Vest	7 years of credited service
d. Eligibility for Distribution	-Normal retirement at age 60 with 7 years of service -Early retirement at age 55 with 20 years of service -Disability retirement with 7 years of service -Marital death benefit with 7 years of service
e. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
f. Benefit Determination Methods:	
-Normal Retirement	3% of final average salary multiplied by credited years of service
-Early Retirement	Actuarially reduced benefit based upon age and years of service at termination
-Disability Retirement	Same as normal retirement
-Death Benefit	50% of employee's accrued benefit, but terminates upon spouse remarriage or death
-Prior to 7 Years Service	Return of employee contributions with accrued interest
g. Form of Benefit Payments	Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, optional form based on actuarial equivalent.

For the year ended June 30, 2021, the City's employer contribution to the plan was \$643,947 which was 17% of covered payroll of \$3,787,924--less than the actuarially required contribution rate of 23.06%. The OMRF contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2021	\$873,495	\$643,947

OMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 1001 NW 63rd St., Suite 260, Oklahoma City, OK 73116.

**10. Commitments and Contingencies**

*Compensated Absences:*

As a result of the City's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and comp leave) earned but unpaid at year-end are not reflected in the basic financial statements. The compensated absence commitment at June 30, 2021, is summarized as follows:

- General Fund and DCMSA Enterprise Fund – accrued compensated absences \$2,779,873

*Litigation:*

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

*Federal and State Award Programs:*

The City of Del City participates in various federal or state grant/loan programs from year to year. In 2021, the City's involvement in federal and state award programs was not significant. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan.

**11. Subsequent Events**

The City evaluated subsequent events through the date of the audit report. The City concluded that no events have occurred subsequent to year end that would require recognition in the financial statements. The following events occurred subsequent to June 30, 2021 that meet the disclosure requirements:

- In December 2021, the City received its first tranche of the American Rescue Plan Funds in the amount of \$1,896,058. The second tranche, in an equal amount, will be received 12 months after the first tranche. The City has not decided how these funds will be used yet.
- In February 2022, the City received a \$717,758 FEMA reimbursement for severe winter storm assistance.



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**OTHER SUPPLEMENTARY INFORMATION**

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**Budgetary Comparison Schedule – General Fund (Budgetary Basis) – Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Beginning Budgetary Fund Balance</b>	\$ 1,757,680	\$ 1,788,050	\$ 162,515	\$ (1,625,535)
<b>Resources (Inflows):</b>				
Taxes	7,796,492	7,796,492	8,412,014	615,522
Intergovernmental	420,000	2,105,533	2,149,471	43,938
Charges for services	481,300	481,300	398,288	(83,012)
Fines and forfeitures	710,000	710,000	801,662	91,662
Licenses and permits	312,200	312,200	212,651	(99,549)
Investment income	7,000	7,000	3,907	(3,093)
Miscellaneous	165,100	184,696	122,956	(61,740)
Use of Money and Property	140,500	140,500	111,012	(29,488)
Transfers in	3,015,198	3,896,179	2,085,206	(1,810,973)
<b>Total resources (Inflows)</b>	<u>13,047,790</u>	<u>15,633,900</u>	<u>14,297,167</u>	<u>(1,336,733)</u>
<b>Amounts available for appropriation</b>	<u>14,805,470</u>	<u>17,421,950</u>	<u>14,459,682</u>	<u>(2,962,268)</u>
<b>Charges to Appropriations (Outflows):</b>				
City Management	375,265	455,556	445,051	10,505
Municipal Court	277,621	330,449	306,843	23,606
City Attorney	341,665	350,499	343,610	6,889
Human Resources	365,197	490,967	439,557	51,410
City Clerk	469,530	499,160	486,811	12,349
Community Services	643,958	630,342	597,554	32,788
Recreation	194,406	219,523	204,355	15,168
Eagle Harbor Aquatic	86,684	60,690	47,723	12,967
Street and Alley	592,058	575,635	556,147	19,488
Park Maintenance	164,273	130,531	118,424	12,107
Fire	2,429,300	2,423,570	2,379,120	44,450
Police	3,579,262	3,434,602	3,260,344	174,258
General Government	1,197,890	3,812,487	2,972,217	840,270
Drainage	242,146	199,146	68,636	130,510
Appropriated Reserves	152,215	152,215	-	152,215
Transfers Out	3,694,000	3,729,078	1,523,330	2,205,748
<b>Total Charges to Appropriations</b>	<u>14,805,470</u>	<u>17,494,450</u>	<u>13,749,722</u>	<u>3,744,728</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ -</u>	<u>\$ (72,500)</u>	<u>\$ 709,960</u>	<u>\$ 782,460</u>

**Footnotes to Budgetary Comparison Schedule:**

1. The budgetary comparison schedule is reported on the modified cash basis of accounting.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require City Manager's approval, while supplemental appropriations require City Council approval.
3. Reconciliation of the budgetary basis to modified cash basis is as follows:

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<b>Total Resources (Inflows) Per Budgetary Comparison Schedule</b>	\$ 14,297,167
Worker's Compensation fund transfers in	26,075
Employee benefit fund transfers in	53,406
Adjusted Total Resources	<u>14,376,648</u>
<b>Total Resources (Inflows) Per Statement of Revenues, Expenditures and Changes in Fund Balance:</b>	
Total Revenues	12,211,961
Transfer In	2,164,687
<b>Total Resources (Inflows) Per Statement of Revenues, Expenditures</b>	<u>14,376,648</u>
<b>Charges to Appropriations (Outflows) Per Budgetary Comparison Schedule:</b>	13,749,722
Worker's Compensation fund expenditures	150,200
Adjusted Total Charges to Appropriations	<u>13,899,922</u>
<b>Total Expenditures and Transfers Per Statement of Revenues, Expenditures</b>	
Total Expenditures	12,376,592
Transfers Out	1,523,330
	<u>\$ 13,899,922</u>

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**Combining Balance Sheet – Nonmajor Governmental Funds (Modified Cash Basis) – June 30, 2021**

	Special Revenue Funds					Debt Service Fund	Capital Projects	Total Governmental Funds
	CDBG	Hotel/Motel Tax	Police Training	Labor Relations	Police Grant	Debt Service Fund	Capital Improvements	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 8,170	\$ 126,877	\$ 7,666	\$ 14,512	\$ 200	\$ 501,987	\$ 626,517	\$ 1,285,929
Due from other funds	-	-	-	-	-	45,000	-	45,000
Total assets	<u>8,170</u>	<u>126,877</u>	<u>7,666</u>	<u>14,512</u>	<u>200</u>	<u>546,987</u>	<u>626,517</u>	<u>1,330,929</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Total liabilities	-	-	-	-	-	-	-	-
<b>FUND BALANCES:</b>								
Restricted	8,170	126,877	7,666	14,512	200	546,987	626,517	1,330,929
Total fund balances	<u>8,170</u>	<u>126,877</u>	<u>7,666</u>	<u>14,512</u>	<u>200</u>	<u>546,987</u>	<u>626,517</u>	<u>1,330,929</u>
Total liabilities and fund balances	<u>\$ 8,170</u>	<u>\$ 126,877</u>	<u>\$ 7,666</u>	<u>\$ 14,512</u>	<u>\$ 200</u>	<u>\$ 546,987</u>	<u>\$ 626,517</u>	<u>\$ 1,330,929</u>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds (Modified Cash Basis) – For the Year Ended June 30, 2021**

	Special Revenue Funds					Debt Service Fund	Capital Projects	Total-Other Governmental Funds
	CDBG Fund	Hotel/Motel Tax Fund	Police Training Fund	Labor Relations Fund	Police Grant Fund	Debt Service Fund	Capital Improvements Fund	
<b>REVENUES</b>								
Taxes	\$ -	\$ 148,559	\$ -	\$ -	\$ -	\$ 544,361	\$ -	\$ 692,920
Intergovernmental	7,970	-	-	-	-	-	-	7,970
Miscellaneous	211	-	24,847	6,605	-	-	-	31,663
Total revenues	<u>8,181</u>	<u>148,559</u>	<u>24,847</u>	<u>6,605</u>	<u>-</u>	<u>544,361</u>	<u>-</u>	<u>732,553</u>
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	-	27,860	-	27,860
Public Safety	-	-	17,181	-	-	-	-	17,181
Economic development	-	86,316	-	-	-	-	-	86,316
Debt Service:								
Principal	-	-	-	-	-	440,528	-	440,528
Interest	-	-	-	-	-	81,308	-	81,308
Capital Outlay	-	338	-	-	-	-	-	338
Total Expenditures	<u>-</u>	<u>86,654</u>	<u>17,181</u>	<u>-</u>	<u>-</u>	<u>549,696</u>	<u>-</u>	<u>653,531</u>
Excess (deficiency) of revenues over expenditures	<u>8,181</u>	<u>61,905</u>	<u>7,666</u>	<u>6,605</u>	<u>-</u>	<u>(5,335)</u>	<u>-</u>	<u>79,022</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Proceeds from long-term debt	-	-	-	-	-	27,860	-	27,860
Transfers out	(92,581)	(61,251)	-	-	-	-	-	(153,832)
Total other financing sources and uses	<u>(92,581)</u>	<u>(61,251)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,860</u>	<u>-</u>	<u>(125,972)</u>
Net change in fund balances	(84,400)	654	7,666	6,605	-	22,525	-	(46,950)
Fund balances - beginning	92,570	126,223	-	7,907	200	524,462	626,517	1,377,879
Fund balances - ending	<u>\$ 8,170</u>	<u>\$ 126,877</u>	<u>\$ 7,666</u>	<u>\$ 14,512</u>	<u>\$ 200</u>	<u>\$ 546,987</u>	<u>\$ 626,517</u>	<u>\$ 1,330,929</u>

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As of and for the Year Ended June 30, 2021

**Combining Balance Sheet – General Fund Accounts (Modified Cash Basis) – For the Year Ended June 30, 2021**

	<b>General Fund</b>	<b>Employee Benefit</b>	<b>Worker's Compensation</b>	<b>Total General Fund</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,225,812	\$ 108,151	\$ (166,679)	\$ 1,167,284
Investments	-	-	42,554	42,554
Due from other funds	343,628	-	-	343,628
Total assets	<u>\$ 1,569,440</u>	<u>\$ 108,151</u>	<u>\$ (124,125)</u>	<u>\$ 1,553,466</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Due to other funds	\$ 198,551	\$ -	\$ -	\$ 198,551
Other payables	-	31,216	-	31,216
Total liabilities	<u>198,551</u>	<u>31,216</u>	<u>-</u>	<u>229,767</u>
Fund balances:				
Assigned	628,661	76,935	-	705,596
Unassigned (deficit)	742,228	-	(124,125)	618,103
Total fund balances	<u>1,370,889</u>	<u>76,935</u>	<u>(124,125)</u>	<u>1,323,699</u>
Total liabilities and fund balances	<u>\$ 1,569,440</u>	<u>\$ 108,151</u>	<u>\$ (124,125)</u>	<u>\$ 1,553,466</u>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund Accounts (Modified Cash Basis) – For the Year Ended June 30, 2021**

	<b>General Fund</b>	<b>Employee Benefit</b>	<b>Worker's Compensation</b>	<b>Total General Fund</b>
<b>REVENUES</b>				
Taxes	\$ 8,461,766	\$ -	\$ -	\$ 8,461,766
Intergovernmental	2,149,471	-	-	2,149,471
Charges for services	393,540	-	-	393,540
Fees and fines	803,934	-	-	803,934
Licenses and permits	220,279	-	-	220,279
Investment earnings	3,907	-	-	3,907
Miscellaneous	179,064	-	-	179,064
Total revenues	<u>12,211,961</u>	<u>-</u>	<u>-</u>	<u>12,211,961</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,739,499	-	-	3,739,499
Administration	-	-	150,200	150,200
Municipal court	306,843	-	-	306,843
Community services	643,002	-	-	643,002
Public safety	5,617,632	-	-	5,617,632
Street and alley	556,147	-	-	556,147
Drainage	21,482	-	-	21,482
Culture and recreation	322,779	-	-	322,779
Capital Outlay	1,019,008	-	-	1,019,008
Total Expenditures	<u>12,226,392</u>	<u>-</u>	<u>150,200</u>	<u>12,376,592</u>
Excess (deficiency) of revenues over expenditures	<u>(14,431)</u>	<u>-</u>	<u>(150,200)</u>	<u>(164,631)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,085,206	53,406	26,075	2,164,687
Transfers out	(1,523,330)	-	-	(1,523,330)
Total other financing sources and uses	<u>561,876</u>	<u>53,406</u>	<u>26,075</u>	<u>641,357</u>
Net change in fund balances	547,445	53,406	(124,125)	476,726
Fund balances - beginning, restated	823,444	23,529	-	846,973
Fund balances - ending	<u>\$ 1,370,889</u>	<u>\$ 76,935</u>	<u>\$ (124,125)</u>	<u>\$ 1,323,699</u>

**CITY OF DEL CITY, OKLAHOMA**  
**SINGLE AUDIT REPORTS**  
**AND SUPPLEMENTARY SCHEDULES**

**June 30, 2021**

**CITY OF DEL CITY, OKLAHOMA**

June 30, 2021

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SINGLE AUDIT REPORTS AND SUPPLEMENTARY SCHEDULES:

**Reports related to financial statements of the reporting entity  
Required by GAO *Government Auditing Standards*:**

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 <i>Government Auditing Standards</i>	1
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**Reports related to Federal Assistance Programs Required by the Uniform Guidance:**

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required By the Uniform Guidance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3
Schedule of Expenditures of Federal Awards	5
Notes to the Schedule of Expenditures of Federal Awards	6
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and City Council  
City of Del City, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Del City, Oklahoma (the "City") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 10, 2022. Our report included an emphasis-of-matter paragraph related to the City's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

### **Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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



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## **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.

*Arledge & Associates, P.C.*

Edmond, Oklahoma  
May 10, 2022





INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE; AND  
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE

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

**Report on Compliance for Each Major Federal Program**

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

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

***Report on Internal Control over Compliance***

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

of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated May 10, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Arledge & Associates, P.C.*

Edmond, Oklahoma  
May 10, 2022



**City of Del City**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2021**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal AL Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
<b>Highway Safety Cluster-Cluster</b>			
Department of Transportation			
State and Community Highway Safety			
State and Community Highway Safety	20.600	Oklahoma Highway Safety Office	13,427
State and Community Highway Safety	20.600	Oklahoma Highway Safety Office	11,040
Total State and Community Highway Safety			24,467
<i>Total Department of Transportation</i>			24,467
<b>Total Highway Safety Cluster-Cluster</b>			<b>24,467</b>
<b>Other Programs</b>			
Department of Homeland Security			
Staffing for Adequate Fire and Emergency Response (SAFER)			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		187,004
Total Staffing for Adequate Fire and Emergency Response (SAFER)			187,004
<i>Total Department of Homeland Security</i>			187,004
Department of the Treasury			
Coronavirus Relief Fund			
COVID-19 - Coronavirus Relief Fund	21.019	FEMA	7,970
COVID-19 - Coronavirus Relief Fund	21.019	OMES	1,673,566
Total Coronavirus Relief Fund			1,681,536
<i>Total Department of the Treasury</i>			1,681,536
<b>Total Other Programs</b>			<b>1,868,539</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 1,893,007</b>

The accompanying notes are an integral part of this schedule

## **CITY OF DEL CITY, OKLAHOMA**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

June 30, 2021

#### **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, 2021. 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 cash 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 end June 30, 2021, the City did not provide federal awards to subrecipients.

**CITY OF DEL CITY, OKLAHOMA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

June 30, 2021

**Section I--Summary of Auditor's Results**

*Financial statements*

Type of auditor's report issued on whether the financial statements were in accordance with modified cash basis of accounting:

*Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified?  yes  none reported

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  none reported

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:

<u>Program</u>	<u>Federal AL Number</u>
COVID-19 - Coronavirus Relief Fund	21.019

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

yes  no

**CITY OF DEL CITY, OKLAHOMA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS--Continued**

June 30, 2021

**Section II--Findings Required to be Reported in Accordance with *Government Auditing Standards*:**

**A. Internal control**

No matters were reported.

**B. Compliance Findings**

No matters were reported.

**Section III--Findings Required to be Reported in Accordance with the Uniform Guidance:**

**A. Internal control**

No matters were reported.

**B. Compliance Findings**

No matters were reported.

# CITY OF DEL CITY, OKLAHOMA

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

June 30, 2021

### Findings Required to be Reported in Accordance with *Government Auditing Standards*:

#### A. Internal Control

<u>Finding</u>	<u>Status</u>	<u>Corrective Action Plan or Other Explanation</u>
Fixed asset additions were not appropriately identified or properly included in the financial records. Cash was not sufficiently reconciled. Debt reserve funds were not appropriately classified. Debt payments were not properly recorded. The Economic Development Authority Fund was not reported as the correct fund type. Numerous adjustments were proposed to correct recording of financial transactions. Additionally, several prior period adjustments were required.	Resolved	The City will monitor budget amendments for accuracy and completeness not to exceed the available appropriations and make transfers as necessary to maintain a positive fund balance. The City will monitor that transactions are being recorded in the correct fund to avoid movement for reporting in the audit which can result in expenses exceeding appropriations.
Expenditures exceeded appropriations at the legal level of control for several General Fund departments	Resolved	The City will monitor budget amendments for accuracy, not to exceed the available appropriations and make transfers as necessary to maintain a positive fund balance. The City will also review the budget actual at or near year-end to ensure budget amendments are completed correctly. The City has been working on getting out of a deficit in the General Fund and we are continuing to move in the right direction.

#### B. Compliance Findings

No matters were reported.

### Findings Required to be Reported in Accordance with the Uniform Guidance:

#### A. Internal Control

No matters were reported.

#### B. Compliance Findings

No matters were reported.