



City of Del City
Oklahoma

ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

**THE CITY OF DEL CITY,
OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

**CITY OF DEL CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Del City, Oklahoma, (the "City") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis 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, 2022, and the respective changes in modified cash basis 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 for Opinions

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

Emphasis of Matter—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 opinions are not modified with respect to this matter.

Responsibilities of Management 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, and for 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 Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

Other Matters

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis and budgetary comparison information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

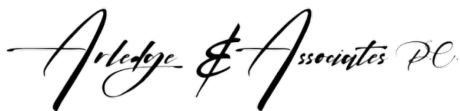
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2023, 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 the 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.



Edmond, Oklahoma
May 31, 2023



CITY OF DEL CITY, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

MANAGEMENT DISCUSSION AND ANALYSIS

CITY OF DEL CITY, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

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, 2022. 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 \$4.6 million, and the assets of the City exceed its liabilities at June 30, 2022, by \$46.9 million (net position). Of this amount, \$1.61 million (unrestricted net position) is available to meet the government's ongoing needs.
- At June 30, 2022, the City's governmental funds reported combined ending fund balances on a modified cash basis of approximately \$13.8 million.
- At the end of fiscal year 2022, unassigned fund balance deficit on a modified cash basis for the governmental funds was (\$3.9) 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, sewer 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.

- **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.

- 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 and economic development 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 three kinds of funds – *governmental, proprietary and fiduciary* - 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, sewer, and sanitation activities.

Fiduciary funds – When the City holds assets on behalf of others, and these are accounted for in a custodial fund.

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.

CITY OF DEL CITY, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

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 and state award schedules.

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 \$46.9 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.)
	2022	2021		2022	2021		2022	2021	
Current assets	\$ 13,811	\$ 10,979	26%	\$ 1,708	\$ 1,553	10%	\$ 15,519	\$ 12,532	24%
Capital assets, net	35,599	35,934	-1%	27,739	27,974	-1%	63,338	63,908	-1%
Total assets	49,410	46,913	5%	29,447	29,527	0%	78,857	76,440	3%
Current liabilities	6,091	6,046	1%	2,011	1,914	5%	8,102	7,960	2%
Non-current liabilities	8,991	10,754	-16%	14,825	15,392	-4%	23,816	26,146	-9%
Total liabilities	15,082	16,800	-10%	16,836	17,306	-3%	31,918	34,106	-6%
Net position									
Net investment in capital assets	23,957	23,308	3%	11,570	11,316	2%	35,527	34,624	3%
Restricted	9,799	8,311	18%	-	-	0%	9,799	8,311	18%
Unrestricted (deficit)	572	(1,506)	-138%	1,040	905	15%	1,612	(601)	368%
Total net position	\$ 34,328	\$ 30,113	14%	\$ 12,610	\$ 12,221	3%	\$ 46,938	\$ 42,334	11%

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 2022, this net investment in capital assets, amounted to \$35.5 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, \$9.8 million, also represents resources that are subject to external restrictions on how they may be used. The remaining net represents an unrestricted net position.

Changes in Net Position

For the year ended June 30, 2022, on the modified cash basis of accounting, net position of the primary government changed as follows:

CITY OF DEL CITY, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

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

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2022	2021		2022	2021		2022	2021	
Revenues									
Charges for service	\$ 1,704	\$ 1,427	19%	\$ 8,687	\$ 8,612	1%	\$ 10,391	\$ 10,039	4%
Operating grants and contributions	174	494	-65%	-	-	-	174	494	-65%
Taxes	16,382	15,697	4%	-	-	-	16,382	15,697	100%
Intergovernmental revenue	2,894	2,022	43%	-	-	-	2,894	2,022	43%
Investment income	8	5	60%	-	-	-	8	5	60%
Miscellaneous	543	293	85%	58	26	123%	601	319	88%
Total revenues	21,705	19,938	9%	8,745	8,638	1%	30,450	28,576	7%
Expenses									
General government	3,695	4,307	-14%	-	-	-	3,695	4,307	-14%
Public safety	10,061	9,342	8%	-	-	-	10,061	9,342	8%
Streets	1,067	1,231	-13%	-	-	-	1,067	1,231	-13%
Drainage	61	56	9%	-	-	-	61	56	9%
Community Services	899	809	11%	-	-	-	899	809	11%
Culture and Recreation	426	363	17%	-	-	-	426	363	17%
Economic development	1,230	863	43%	-	-	-	1,230	863	43%
Water	-	-	-	4,523	4,087	11%	4,523	4,087	11%
Wastewater	-	-	-	1,444	1,809	-20%	1,444	1,809	-20%
Sanitation	-	-	-	1,523	1,224	24%	1,523	1,224	24%
Interest on long-term debt	586	639	-8%	332	-	-	918	639	-
Total expenses	18,025	17,610	2%	7,822	7,120	10%	25,847	24,730	5%
Excess (deficiency) before transfers and special item	3,680	2,328	58%	923	1,518	-39%	4,603	3,846	20%
Transfers	535	(52)	-1129%	(535)	52	-1129%	-	-	-
Change in net position	4,215	2,276	85%	389	1,570	-75%	4,604	3,846	20%
Beginning net position	30,113	27,837	8%	12,221	10,651	15%	42,334	38,488	10%
Ending net position	\$ 34,328	\$ 30,113	14%	\$ 12,610	\$ 12,221	3%	\$ 46,938	\$ 42,334	11%

Governmental Activities

The governmental activities, on the modified cash basis of accounting, had an increase in net position of approximately \$4.2 million.

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

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2022	2021		2022	2021	
General government	\$ 3,695	\$ 4,307	-14%	(\$3,474)	(\$4,101)	-15%
Public safety	10,061	9,342	8%	(8,541)	(8,188)	4%
Streets	1,067	1,231	-13%	(1,043)	(1,039)	0%
Drainage	61	56	9%	(61)	185	-133%
Community Services	899	809	11%	(899)	(809)	11%
Culture and Recreation	426	363	17%	(313)	(273)	15%
Economic Development	1,230	863	43%	(1,230)	(825)	49%
Interest on long-term debt	586	639	-8%	(586)	(639)	-8%
Total	\$ 18,025	\$ 17,610	2%	(\$16,147)	(\$15,689)	3%

Business-type Activities

The business-type activities, on the modified cash basis of accounting, had an increase in net position of approximately \$389,000. In reviewing the departmental net (expense)/revenue, wastewater and sanitation utility activity charges for services in 2022 were sufficient to cover expenses.

CITY OF DEL CITY, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

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

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>	
Water	\$ 4,523	\$ 4,087	11%	\$ (505)	\$ (603)	-16%
Wastewater	1,444	1,809	-20%	1,047	1,081	-3%
Sanitation	1,523	1,224	24%	656	1,015	-35%
Interest in Long-term debt	332	-	100%	(332)	-	100%
Total	<u>\$ 7,822</u>	<u>\$ 7,120</u>	10%	<u>\$ 866</u>	<u>\$ 1,493</u>	-42%

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2022 fiscal year, the governmental funds reported, on a modified cash basis of accounting, a combined fund balance of about \$13.8 million or a 25.8% increase from the 2021 amount. The enterprise fund reported, on a modified cash basis of accounting, combined net position of \$12.6 million or a 3.2% increase from 2021.

Other fund highlights include:

- For the year ended June 30, 2022, the General Fund's total fund balance increased by \$2.3 million or 172% related mainly to receipt of ARPA Funds of about \$1.9 million.
- The Del City Economic Development Authority Fund decreased its Fund Balance by \$944,433 or 55% due mainly to the use of note proceeds for capital projects.

Budgetary Highlights

For the year ended June 30, 2022, the General Fund reported actual budgetary basis revenues under final estimates by \$1,645,523 or a 9.1% negative variance which was due mainly to transfers in being less than final estimates by about \$1 million. General Fund actual expenditures were under final appropriations by \$5.8 million or a 30.8% positive variance due mainly to transfers out being less than final estimates by \$2.9 million, and General Government expenditures being less than final estimates by \$2.1 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2022, the City had \$63 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 decrease of approximately \$569,687 over last year.

CITY OF DEL CITY, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

Capital Assets						
(In Thousands)						
(Net of accumulated depreciation)						
	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 2,204	\$ 1,927	\$ 984	\$ 984	\$ 3,188	\$ 2,911
Buildings	13,091	13,492	19,116	19,962	32,207	33,454
Machinery, furniture and equipment	4,694	4,636	1,414	1,456	6,108	6,092
Infrastructure	15,595	15,740	6,224	5,572	21,819	21,312
Construction in progress	15	139	-	-	15	139
Totals	\$ 35,599	\$ 35,934	\$ 27,738	\$ 27,974	\$ 63,337	\$ 63,908

This year's more significant capital asset addition includes:

Okwin P-25 radios; dispatch console	\$289,032
Asphalt street repairs city wide	359,639
(4) 2021 Ford F150 trucks	114,580
Replace water pipeline Thunderbird Lake	827,341
Land – 2836 Linda Lane	277,125

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 \$31.2 million in long-term debt outstanding which represents a \$2.2 million or 6.6% decrease from the prior year. This is the net result of \$868,491 issuance of new debt while reducing debt with normal payments of \$3,085,603. The City's changes in long-term debt by type of debt are as follows:

Long-Term Debt							Total Percentage Change
(In Thousands)							
	Governmental		Business-Type		Total		
	Activities		Activities				
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2021-2022</u>
Notes payable	\$ 12,821	\$ 14,129	\$ 16,168	\$ 16,658	\$ 28,989	\$ 30,787	-5.8%
Bonds payable	2,220	2,640	-	-	2,220	2,640	-15.9%
Totals	\$ 15,041	\$ 16,769	\$ 16,168	\$ 16,658	\$ 31,209	\$ 33,427	-6.6%

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 2023 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 15th Street, Del City, Oklahoma 73115 or telephone at 405-677-5741.

**CITY OF DEL CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF DEL CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Statement of Net Position (Modified Cash Basis)– June 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 9,340,709	\$ 1,266,523	\$ 10,607,232
Investments	59,572	-	59,572
Restricted Cash and Cash Equivalents	4,183,717	667,974	4,851,691
Internal Balances	226,886	(226,886)	-
Capital Assets:			
Land and construction in progress	2,218,730	983,781	3,202,511
Other capital assets, net of depreciation	33,380,553	26,754,766	60,135,319
Total Assets	<u>49,410,167</u>	<u>29,446,158</u>	<u>78,856,325</u>
LIABILITIES			
Other payables	41,579	-	41,579
Meter deposit liability	-	667,974	667,974
Long-term liabilities			
Due within one year	6,049,325	1,343,169	7,392,494
Due in more than one year	8,991,618	14,825,321	23,816,939
Total liabilities	<u>15,082,522</u>	<u>16,836,464</u>	<u>31,918,986</u>
NET POSITION			
Net investment in capital assets	23,957,459	11,570,057	35,527,516
Restricted for:			
Debt Service	1,358,156	-	1,358,156
Capital projects	626,517	-	626,517
Neighborhood enhancement	4,147,067	-	4,147,067
Limited Sales Tax Purposes	598,987	-	598,987
Economic development	2,830,859	-	2,830,859
Other	236,997	-	236,997
Unrestricted	571,603	1,039,637	1,611,240
Total net position	<u>\$ 34,327,645</u>	<u>\$ 12,609,694</u>	<u>\$ 46,937,339</u>

See accompanying notes to the basic financial statements.

**CITY OF DEL CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

Statement of Activities (Modified Cash Basis) –Year Ended June 30, 2022

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, Debt Proceeds and Contributions	Governmental Activities	Business-type Activities	Total
Primary government								
Governmental Activities								
General Government	\$ 3,695,141	\$ -	\$ 221,042	\$ -	\$ -	\$ (3,474,099)	\$ -	\$ (3,474,099)
Public Safety	10,061,295	-	1,374,614	145,426	-	(8,541,255)	-	(8,541,255)
Streets	1,066,859	-	-	23,589	-	(1,043,270)	-	(1,043,270)
Drainage	60,934	-	-	-	-	(60,934)	-	(60,934)
Community services	899,219	-	-	-	-	(899,219)	-	(899,219)
Culture and Recreation	425,908	-	108,716	4,530	-	(312,662)	-	(312,662)
Economic Development	1,229,574	-	-	-	-	(1,229,574)	-	(1,229,574)
Interest on Long-term debt	586,334	-	-	-	-	(586,334)	-	(586,334)
Total governmental activities	18,025,264	-	1,704,372	173,545	-	(16,147,347)	-	(16,147,347)
Business-type activities:								
Water	4,047,616	475,206	4,017,516	-	-	-	(505,306)	(505,306)
Wastewater	1,148,934	294,576	2,490,274	-	-	-	1,046,764	1,046,764
Sanitation	1,265,176	257,690	2,179,306	-	-	-	656,440	656,440
General Government	478,113	(478,113)	-	-	-	-	-	-
Fleet Maintenance	549,359	(549,359)	-	-	-	-	-	-
Interest on long-term debt	332,399	-	-	-	-	-	(332,399)	(332,399)
Total business-type activities	7,821,597	-	8,687,096	-	-	-	865,499	865,499
Total primary government	25,846,861	-	10,391,468	173,545	-	(16,147,347)	865,499	(15,281,848)
General revenues:								
Taxes:								
Sales and use taxes						\$ 14,738,239	\$ -	\$ 14,738,239
Ad valorem taxes						541,646	-	541,646
Franchise taxes and public service taxes						910,641	-	910,641
Hotel/motel taxes						191,896	-	191,896
Intergovernmental revenue not restricted to specific programs						2,893,443	-	2,893,443
Unrestricted investment earnings						8,121	-	8,121
Miscellaneous						543,082	57,828	600,910
Transfers						534,435	(534,435)	-
Total general revenues and transfers						20,361,503	(476,607)	19,884,896
Change in net position						4,214,156	388,892	4,603,048
Net position - beginning						30,113,489	12,220,802	42,334,291
Net position - ending						\$ 34,327,645	\$ 12,609,694	\$ 46,937,339

See accompanying notes to the basic financial statements.

**CITY OF DEL CITY, OKLAHOMA
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As of and for the Year Ended June 30, 2022**

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF DEL CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Governmental Funds Balance Sheet (Modified Cash Basis)- June 30, 2022

	<u>General Fund</u>	<u>Limited Purpose Sales Tax</u>	<u>Economic Development</u>	<u>Neighborhood Enhancement</u>	<u>Del City Economic Development Authority</u>	<u>Public Safety Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS								
Cash and cash equivalents	\$ 3,211,780	\$ 320,178	\$ 1,191,915	\$ 3,198,738	\$ (1,050)	\$ -	\$ 1,419,148	\$ 9,340,709
Restricted cash and cash equivalents	-	380,349	-	-	3,803,368	-	-	4,183,717
Investments	59,572	-	-	-	-	-	-	59,572
Due from other funds	569,676	1,227,138	1,638,944	948,329	-	-	45,000	4,429,087
Total assets	<u>\$ 3,841,028</u>	<u>\$ 1,927,665</u>	<u>\$ 2,830,859</u>	<u>\$ 4,147,067</u>	<u>\$ 3,802,318</u>	<u>\$ -</u>	<u>\$ 1,464,148</u>	<u>\$ 18,013,085</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Due to other funds	\$ 198,551	\$ 948,329	\$ -	\$ -	3,028,045	-	\$ 27,276	\$ 4,202,201
Other payables	41,579	-	-	-	-	-	-	41,579
Total liabilities	<u>240,130</u>	<u>948,329</u>	<u>-</u>	<u>-</u>	<u>3,028,045</u>	<u>-</u>	<u>27,276</u>	<u>4,243,780</u>
Fund balances:								
Restricted	-	979,336	2,830,859	4,147,067	3,803,368	-	1,436,872	13,197,502
Assigned	4,549,654	-	-	-	-	-	-	4,549,654
Unassigned (deficit)	(948,756)	-	-	-	(3,029,095)	-	-	(3,977,851)
Total fund balances	<u>3,600,898</u>	<u>979,336</u>	<u>2,830,859</u>	<u>4,147,067</u>	<u>774,273</u>	<u>-</u>	<u>1,436,872</u>	<u>13,769,305</u>
Total liabilities and fund balances	<u>\$ 3,841,028</u>	<u>\$ 1,927,665</u>	<u>\$ 2,830,859</u>	<u>\$ 4,147,067</u>	<u>\$ 3,802,318</u>	<u>\$ -</u>	<u>\$ 1,464,148</u>	<u>\$ 18,013,085</u>

See accompanying notes to the basic financial statements.

CITY OF DEL CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances
(Modified Cash Basis) – Year Ended June 30, 2022

	General Fund	Limited Purpose Sales Tax	Economic Development	Neighborhood Enhancement	Del City Economic Development Authority	Public Safety Fund	Other Governmental Funds	Total Governmental Funds
REVENUES								
Taxes	\$ 9,020,339	\$ 3,925,085	\$ 726,867	\$ 726,868	\$ -	\$ 1,453,736	\$ 733,542	\$ 16,586,437
Intergovernmental	2,911,610	-	-	-	-	123,582	-	3,035,192
Charges for services	265,011	-	-	-	-	-	-	265,011
Fees and fines	668,429	-	-	-	-	-	-	668,429
Licenses and permits	220,310	-	-	-	-	-	-	220,310
Investment earnings	7,020	63	-	-	1,038	-	-	8,121
Miscellaneous	768,314	-	-	-	41,200	72,500	39,471	921,485
Total revenues	<u>13,861,033</u>	<u>3,925,148</u>	<u>726,867</u>	<u>726,868</u>	<u>42,238</u>	<u>1,649,818</u>	<u>773,013</u>	<u>21,704,985</u>
EXPENDITURES								
Current:								
General government	3,043,504	-	-	62,065	-	-	41,000	3,146,569
Administration	177,002	-	-	-	-	-	-	177,002
Municipal court	329,343	-	-	-	-	-	-	329,343
Community services	707,708	-	-	-	-	-	-	707,708
Public safety	5,940,417	-	-	-	-	2,808,400	25,075	8,773,892
Street and alley	492,482	-	-	-	-	-	-	492,482
Drainage	24,742	-	-	-	-	-	-	24,742
Culture and recreation	369,402	-	-	-	-	-	-	369,402
Economic development	-	-	337,907	-	834,599	-	47,961	1,220,467
Misc. expenses	38,526	-	-	-	-	-	-	38,526
Debt Service:								
Principal	-	-	-	-	1,324,966	-	443,982	1,768,948
Interest and other charges	-	-	-	-	515,040	-	71,294	586,334
Capital Outlay	440,629	160,917	516,191	-	675,047	-	24,514	1,817,298
Total Expenditures	<u>11,563,755</u>	<u>160,917</u>	<u>854,098</u>	<u>62,065</u>	<u>3,349,652</u>	<u>2,808,400</u>	<u>653,826</u>	<u>19,452,713</u>
Excess (deficiency) of revenues over expenditures	<u>2,297,278</u>	<u>3,764,231</u>	<u>(127,231)</u>	<u>664,803</u>	<u>(3,307,414)</u>	<u>(1,158,582)</u>	<u>119,187</u>	<u>2,252,272</u>
OTHER FINANCING SOURCES (USES)								
Proceeds from long-term debt, net	-	-	-	-	150	-	41,000	41,150
Transfers in	2,908,968	-	-	700,000	2,362,832	1,158,582	23,555	7,153,937
Transfers out	(2,929,047)	(3,619,844)	-	-	-	-	(77,800)	(6,626,691)
Total other financing sources and uses	<u>(20,079)</u>	<u>(3,619,844)</u>	<u>-</u>	<u>700,000</u>	<u>2,362,982</u>	<u>1,158,582</u>	<u>(13,245)</u>	<u>568,396</u>
Net change in fund balances	2,277,199	144,387	(127,231)	1,364,803	(944,432)	-	105,942	2,820,668
Fund balances - beginning	1,323,699	834,949	2,958,090	2,782,264	1,718,705	-	1,330,930	10,948,637
Fund balances - ending	<u>\$ 3,600,898</u>	<u>\$ 979,336</u>	<u>\$ 2,830,859</u>	<u>\$ 4,147,067</u>	<u>\$ 774,273</u>	<u>\$ -</u>	<u>\$ 1,436,872</u>	<u>\$ 13,769,305</u>

See accompanying notes to the basic financial statements.

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ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

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

Total fund balance, governmental funds	\$	13,769,305
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.		
		35,599,283
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.		
		(15,040,943)
Net Position of Governmental Activities		<u>\$ 34,327,645</u>
Net change in fund balances - total governmental funds:	\$	2,820,668
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		1,638,649
Depreciation expense		(1,972,958)
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		1,768,947
Proceeds of long-term debt		(41,150)
Change in net position of governmental activities		<u>\$ 4,214,156</u>

See accompanying notes to the basic financial statements.

**CITY OF DEL CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022**

BASIC FINANCIAL STATEMENTS – PROPRIETARY-TYPE ENTERPRISE FUNDS

CITY OF DEL CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Proprietary Funds Statement of Net Position (Modified Cash Basis) - June 30, 2022

	Enterprise Funds
	Del City Municipal Services Authority
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,266,523
Restricted:	
Cash and cash equivalents	667,974
Due from other funds	198,351
Total current assets	2,132,848
Non-current assets:	
Capital Assets:	
Land and construction in progress	983,781
Other capital assets, net of accumulated depreciation	26,754,766
Total non-current assets	27,738,547
Total assets	29,871,395
LIABILITIES	
Current Liabilities:	
Due to other funds	425,237
Meter deposit liability	667,974
Current portion of:	
Notes payable	1,343,169
Total current liabilities	2,436,380
Non-current liabilities:	
Notes payable	14,825,321
Total non-current liabilities	14,825,321
Total liabilities	17,261,701
NET POSITION	
Net investment in capital assets	11,570,057
Unrestricted	1,039,637
Total net position	\$ 12,609,694

See accompanying notes to the basic financial statements.

CITY OF DEL CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position (Modified Cash Basis) - Year Ended June 30, 2022

	Enterprise Funds
	Del City Municipal Services Authority
REVENUES	
Charges for services:	
Water	\$ 3,548,619
Sewer	2,490,274
Sanitation	2,179,306
Penalties	433,461
Miscellaneous	35,436
Total operating revenues	8,687,096
OPERATING EXPENSES	
General government	460,819
Administration	1,053,854
Wastewater treatment	759,803
Water	1,680,252
Wastewater	215,110
Sanitation	1,265,176
Fleet maintenance	549,359
Depreciation	1,504,825
Total Operating Expenses	7,489,198
Operating income	1,197,898
NON-OPERATING REVENUES (EXPENSES)	
Interest expense	(332,399)
Miscellaneous revenue	57,828
Transfer capital assets to governmental activities	(7,189)
Total non-operating revenue (expenses)	(281,760)
Income (loss) before transfers	916,138
Transfers in	1,520,949
Transfers out	(2,048,195)
Change in net position	388,892
Total net position - beginning	12,220,802
Total net position - ending	\$ 12,609,694

See accompanying notes to the basic financial statements.

**CITY OF DEL CITY, OKLAHOMA
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As of and for the Year Ended June 30, 2022**

Proprietary Funds Statement of Cash Flows (Modified Cash Basis) - Year Ended June 30, 2022

	Enterprise Funds
	Del City Municipal Services Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 8,744,924
Payments to suppliers	(2,819,252)
Payments to employees	(3,165,121)
Receipts of customer meter deposits	184,266
Refunds of customer meter deposits	(164,393)
Net cash provided by operating activities	2,780,424
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	1,520,949
Transfers to other funds	(2,048,195)
Net cash provided by (used in) noncapital financing activities	(527,246)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(1,276,636)
Proceeds from debt	827,342
Principal paid on debt	(1,316,655)
Interest and fiscal agent fees paid on debt	(332,399)
Net cash provided by (used in) capital and related financing activities	(2,098,348)
Net increase (decrease) in cash and cash equivalents	154,830
Balances - beginning of year	1,779,666
Balances - end of year	\$ 1,934,497
Reconciliation to Statement of Net Position:	
Cash and cash equivalents	\$ 1,266,523
Restricted cash and cash equivalents - current	667,974
Total cash and cash equivalents, end of year	\$ 1,934,497
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,197,898
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	1,504,825
Miscellaneous revenue	57,828
Change in assets and liabilities:	
Deposits subject to refund	19,873
Net cash provided by operating activities	\$ 2,780,424
Noncash transaction - transfer capital assets to governmental activities	(7,189)
	\$ (7,189)

See accompanying notes to the basic financial statements.

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As of and for the Year Ended June 30, 2022**

BASIC FINANCIAL STATEMENTS – FIDUCIARY FUNDS

CITY OF DEL CITY, OKLAHOMA
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Fiduciary Fund Statement of Net Position (Modified Cash Basis) – June 30, 2022

	Custodial Fund
ASSETS	
Cash	\$ 15,860
Total assets	15,860
LIABILITIES	
Due To Other Governments	15,860
Total liabilities	\$ 15,860

**Fiduciary Fund Statement of Changes in Net Position (Modified Cash Basis) –
Year Ended June 30, 2022**

	Custodial Fund
ADDITIONS	
Other Additions:	-
Total additions	-
DEDUCTIONS	
Other Deductions:	-
Total deductions	-
Change in net assets	-
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** – that operates the water, sewer, and sanitation service of the City (*blended*)
- **The Del City Economic Development Authority (OEDA)** – 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 15th 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:

**CITY OF DEL CITY, OKLAHOMA
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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 capital grants
- 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

Capital Project Fund:

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

Debt Service Fund:

Debt Service Fund

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.

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 place 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.”

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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.

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, 2022, the City recognized \$8,121 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, 2022, the primary government held the following deposits and investments:

Type	Credit Rating	Carrying Value
Deposits:		
Petty cash		2,935
Demand deposits		11,272,271
Investments:		
Investment in Judgements	n/a	59,572
Federated Hermes Govt. Obligations Tax Managed Fund	AAAm	4,183,717
Total deposits and investments		\$ 15,518,495
 Reconciliation to Statement of Net Position:		
Cash and cash equivalents		\$ 15,458,923
Investments		59,572
		\$ 15,518,495

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, 2022, 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, 2022, 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, 2022, the City’s investments consisted of judgments of \$59,572 and \$4,183,717 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, 2022, 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 debt service, or utility deposit purposes, and bond construction. The restricted assets as of June 30, 2022 are as follows:

	Current
	Cash and cash equivalents
Government Activities:	
Series 2019 Construction Account	\$ 3,399,119
Series 2019 Principal and Interest Account	404,249
Series 2016 Principal and Interest Account	380,349
Sub-total Governmental Activities	4,183,717
Business-type Activities:	
Utility Deposits	667,974
Total	\$ 4,851,691

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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, 2022, capital assets balances changed as follows:

	Balance at July 1, 2021	Additions	Transfers	Expensed	Disposals	Balance at June 30, 2022
Governmental activities:						
Non-depreciable:						
Land	\$ 1,926,605	\$ 277,125	\$ -	\$ -	\$ -	\$ 2,203,730
Construction in progress	139,146	15,000	(139,146)	-	-	15,000
Total non-depreciable assets at historical cost	<u>2,065,751</u>	<u>292,125</u>	<u>(139,146)</u>	<u>-</u>	<u>-</u>	<u>2,218,730</u>
Depreciable:						
Buildings	16,689,402	80,259	-	-	-	16,769,661
Infrastructure	30,668,654	545,030	-	-	-	31,213,684
Machinery and Equipment	9,185,636	721,236	139,146	-	-	10,046,018
Total depreciable assets at historical cost	<u>56,543,692</u>	<u>1,346,525</u>	<u>139,146</u>	<u>-</u>	<u>-</u>	<u>58,029,363</u>
Less accumulated depreciation for:						
Buildings	3,197,139	481,449	-	-	-	3,678,588
Infrastructure	14,928,678	689,865	-	-	-	15,618,543
Machinery and Equipment	4,550,033	801,646	-	-	-	5,351,679
Total accumulated depreciation	<u>22,675,850</u>	<u>1,972,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,648,810</u>
Net Depreciable Assets	<u>33,867,842</u>	<u>(626,435)</u>	<u>139,146</u>	<u>-</u>	<u>-</u>	<u>33,380,553</u>
Governmental activities capital assets, net	<u>\$ 35,933,593</u>	<u>\$ (334,310)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,599,283</u>
Business-type activities:						
Non-depreciable:						
Land	\$ 983,781	\$ -	\$ -	\$ -	\$ -	\$ 983,781
Construction in progress	-	-	-	-	-	-
Total non-depreciable assets at historical cost	<u>983,781</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>983,781</u>
Depreciable:						
Buildings	24,759,819	-	-	-	-	24,759,819
Machinery and Equipment	9,819,283	274,505	-	-	-	10,093,788
Infrastructure	15,165,937	994,941	-	-	-	16,160,878
Total depreciable assets at historical cost	<u>49,745,039</u>	<u>1,269,446</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,014,485</u>
Less accumulated depreciation for:						
Buildings	4,797,445	846,124	-	-	-	5,643,569
Machinery and Equipment	8,363,174	316,425	-	-	-	8,679,599
Infrastructure	9,594,274	342,277	-	-	-	9,936,551
Total accumulated depreciation	<u>22,754,893</u>	<u>1,504,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,259,719</u>
Net Depreciable Assets	<u>26,990,146</u>	<u>(235,380)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,754,766</u>
Business-type activities capital assets, net	<u>\$ 27,973,927</u>	<u>\$ (235,380)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,738,547</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	320,994
Public safety	859,444
Streets	575,533
Drainage	36,192
Community services	126,446
Culture and recreation	54,351
	<u>\$ 1,972,960</u>

Business-Type Activities:

Water	1,146,353
Sewer	174,021
Sanitation	167,158
General government	17,294
	<u>\$ 1,504,826</u>

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5. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2022, the City reporting entity's long-term debt changed as follows:

<u>Type of Debt</u>	<u>Balance July 01, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2022</u>	<u>Due Within One Year</u>
Governmental:					
General Obligation Bonds - Series 2011A	\$ 1,320,000	\$ -	\$ 210,000	\$ 1,110,000	\$ 210,000
General Obligation Bonds - Series 2011B	1,320,000	-	210,000	1,110,000	210,000
Judgments Payable	42,554	41,000	23,982	59,572	22,954
Notes Payable:					
DCEDA Line of Credit	4,246,221	150	-	4,246,371	4,246,371
DCEDA 2019 Sales Tax Revenue Note	9,839,966	-	1,324,966	8,515,000	1,360,000
Total Governmental	<u>\$ 16,768,741</u>	<u>\$ 41,150</u>	<u>\$ 1,768,948</u>	<u>\$ 15,040,943</u>	<u>\$ 6,049,325</u>
Business-Type:					
Del City MSA					
Notes Payable	\$ 16,526,288	\$ 827,342	\$ 1,291,622	\$ 16,062,008	\$ 1,318,111
Contract Payable	131,515	-	25,033	106,482	25,058
Total Business-Type	<u>\$ 16,657,803</u>	<u>\$ 827,342</u>	<u>\$ 1,316,655</u>	<u>\$ 16,168,490</u>	<u>\$ 1,343,169</u>
Total Long-Term Debt	<u>\$ 33,426,544</u>	<u>\$ 868,492</u>	<u>\$ 3,085,603</u>	<u>\$ 31,209,433</u>	<u>\$ 7,392,494</u>

Reconciliation to Statement of Net Position:

Governmental Activities:

Due within one year	\$ 6,049,325
Due in more than one year	8,991,618
Total Governmental Activities Long-term liabilities	<u>\$ 15,040,943</u>

Business-Type Activities:

Due within one year	\$ 1,343,169
Due in more than one year	14,825,321
Total Business-Type Activities Long-term liabilities	<u>\$ 16,168,490</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 rate between 3.1% and 1.7%. Used to purchase firefighting vehicles and outdoor siren warning system.	\$ 1,110,000
\$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 rate between 3.1% and 1.7%. Used for construction or improvement of stormwater drainage facilities.	<u>1,110,000</u>
Total General Obligation Bonds Payable	<u>\$ 2,220,000</u>
	Current portion \$ 420,000
	Noncurrent portion <u>1,800,000</u>
	<u>\$ 2,220,000</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.

\$ 8,515,000

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.

4,246,371

Total Notes Payable from Direct Borrowings

\$ 12,761,371

	Current portion	\$ 5,606,371	
	Noncurrent portion	<u>7,155,000</u>	
	Total	<u>\$ 12,761,371</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.

\$ 106,482

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Contract payable to Central Oklahoma Master Conservancy District is Del City's estimated share of the cost of replacing the pipeline running from Lake Thunderbird facilities to the City of Del City. The project is a joint project with Norman, Del City, and Midwest City. Original amount of \$827,341 dated July 2019, payments made semi-annually, at 1.6% interest, default provisions include such defaulted amount shall bear interest at the rate of 14% per annum from the date of default until the date of payment thereof, maturity date 9/15/35.

775,148

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.

368,558

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.

14,918,299

Total Notes Payable from Direct Borrowings and Direct Placements

16,168,487

Current portion	\$	1,343,167
Noncurrent portion		14,825,323
Total Notes Payable	\$	<u>16,168,490</u>

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		
2023	\$ 420,000	\$ 53,280	\$ 5,629,325	\$ 468,260	\$ 1,343,167	\$ 308,040		
2024	420,000	45,900	1,436,618	213,075	1,369,441	282,509		
2025	420,000	37,260	600,000	175,437	1,398,038	254,948		
2026	420,000	27,360	620,000	156,500	1,426,485	227,568		
2027	540,000	16,200	640,000	136,938	1,436,440	199,344		
2028-2032	-	16,740	3,500,000	369,341	7,502,947	561,472		
2033-2037	-	-	395,000	9,312	1,691,972	22,997		
Totals	<u>\$ 2,220,000</u>	<u>\$ 196,740</u>	<u>\$ 12,820,943</u>	<u>\$ 1,528,863</u>	<u>\$ 16,168,490</u>	<u>\$ 1,856,878</u>		

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6. 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.

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		
Fund Balances:							
Restricted for:							
Capital projects	\$ -	\$ -	\$ -	\$ -	\$ 3,399,119	\$ -	\$ 4,025,636
Debt service	-	-	-	-	404,249	-	977,607
Limited sales tax purposes	-	979,336	-	-	-	-	979,336
Economic Development	-	-	2,830,859	-	-	-	2,830,859
Neighborhood enhancement	-	-	-	4,147,067	-	-	4,147,067
CDBG	-	-	-	-	-	8,170	8,170
Economic and retail development, beautification and recreation purposes	-	-	-	-	-	192,053	192,053
Police training	-	-	-	-	-	13,773	13,773
Labor relations	-	-	-	-	-	22,801	22,801
Police grant	-	-	-	-	-	200	200
Sub-total Restricted	-	979,336	2,830,859	4,147,067	3,803,368	1,436,872	13,197,502
Assigned to:							
Employee benefits	38,409	-	-	-	-	-	38,409
Use of fund balance for subsequent budget	4,511,245	-	-	-	-	-	4,511,245
Sub-total Assigned	4,549,654	-	-	-	-	-	4,549,654
Unassigned (deficit)	(948,756)				(3,029,095)	-	(3,977,851)
TOTAL FUND BALANCES	\$ 3,600,898	\$ 979,336	\$ 2,830,859	\$ 4,147,067	\$ 774,273	\$ 1,436,872	\$ 13,769,305

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7. 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:

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				
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	0.45			
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	0.45			
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					0.5
4 1/2				2.15	1.35	0.25	0.25	0.5

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 \$17,141,354. Total pledged net water/wastewater revenues for the year was \$3,383,728. Debt service payments of \$1,491,121 for the current fiscal year were 44% of the 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 \$16,730,439. Total pledged sales tax for the year was \$2,616,724. Debt service payments of \$1,440,741 for the current fiscal year were 55% of the pledged sales taxes.

8. 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

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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.

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, 2022, the City's net assessed valuation of taxable property was \$115,825,060. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2022 was \$4.69.

9. 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, 2022 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
General Fund	DCEDA	\$ 738,458	Transfer RCL payment amount to EDA for payment
General Fund	Worker's Compensation Fund	308,452	To Fund Worker's comp payments
General Fund	Neighborhood Enhancement	700,000	Transfer from CDBG should have been to Fund 05 not Fund 01
General Fund	Police Grant Fund	23,555	Equipment purchase refund
General Fund	Public Safety Fund	1,158,582	To fund Public Safety Fund
Limited Purpose Sales Tax Fund	General Fd Staffing	431,759	Staffing to General Fund
Limited Purpose Sales Tax Fund	Juvenile Justice	42,762	Juvenile Justice to General Fund
Limited Purpose Sales Tax Fund	DCMSA	1,520,949	WWTP Project payments
Limited Purpose Sales Tax Fund	DCEDA	1,624,374	Debt service
Hotel/Motel Tax Fund	General Fund	77,800	1/2 Candlewood and Springhill tms f to GF each year
DCMSA	General Fund	200	Close DCMSA series 2016 account to General Fund
DCMSA	General Fund	2,004,000	Admin fees
DCMSA	Worker's Compensation Fund	43,995	to fund Worker's Comp
Total		<u>\$ 8,674,886</u>	

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

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Government-Wide Net Transfers</u>	<u>Capital Asset Transfer</u>	<u>Government- Wide Net Transfers</u>
Governmental Funds	\$ 7,153,937	\$ (6,626,691)	\$ 527,246	\$ 7,189	\$ 534,435
Proprietary Funds	1,520,949	(2,048,195)	(527,246)	(7,189)	(534,435)
Total	<u>\$ 8,674,886</u>	<u>\$ (8,674,886)</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>

Balances:

Interfund receivable and payables at June 30, 2022 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>
DCMSA	General Fund	343,628	Prior year
CDBG	General Fund	2,351	FEMA reimbursement
Debt Service	General Fund	24,925	Reclass resale released to city
DCEDA	General Fund	198,772	To clear negative cash
DCEDA	Limited Purpose Sales Tax	846,901	To clear negative cash
DCEDA	DCMSA	380,237	Prior year
DCEDA	Economic Development	1,638,944	Prior year
Limited Purpose Sales Tax	Neighborhood Enhancemen	948,329	Prior year
DCMSA	Debt Service	45,000	Prior year
General Fund	DCMSA	198,351	Prior year
Total		<u>\$ 4,627,438</u>	
Reconciliation to Fund Financial Statements:			
	<u>Due From</u>	<u>Due To</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 4,429,087	\$ (4,202,201)	\$ 226,886
Proprietary Funds	198,351	(425,237)	(226,886)
Total	<u>\$ 4,627,438</u>	<u>\$ (4,627,438)</u>	<u>\$ -</u>

10. 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.

11. 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.

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.

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The OFPRS contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2020	\$305,750	\$305,750
2021	374,547	374,547
2022	375,550	375,550

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. 63rd, Oklahoma City, Oklahoma, 73116-7335.

Funding Policy. The paid police person 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>
2020	\$257,396	\$257,396
2021	319,632	319,632
2022	319,062	319,062

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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1. 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	20.53% of covered payroll
-Employee Rate	8% of earnings
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 10 years of service -Marital death benefit with 10 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
-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, 2022, the City's employer contribution to the plan was \$741,503 which was 16.70% of covered payroll, or less than the actuarially required contribution. The OMRF contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2021	\$873,495	\$643,947
2022	911,432	741,503

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.

12. 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, 2022, is summarized as follows:

- General Fund and DCMSA Enterprise Fund – accrued compensated absences \$2,588,351.

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 2022, the City's involvement in federal and state award programs was 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.

13. 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, 2022 that meet the disclosure requirements:

In November 2022, the City received funds from the American Rescue Plan Funds in the amount of \$1,904,989. The City has not chosen how these funds will be used yet.

The City was approved for the CDBG-CV grant for funding from ODOC in the amount of \$2,000,000. The money is refunded to the city as the city spends it.

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OTHER SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedule – General Fund (Budgetary Basis) – Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ 877,124	\$ 891,080	\$ 823,444	\$ (67,636)
Resources (Inflows):				
Taxes	8,379,339	8,379,339	8,915,447	536,108
Intergovernmental	793,970	3,119,112	2,282,923	(836,189)
Charges for services	408,860	408,860	411,694	2,834
Fines and forfeitures	800,000	800,000	666,951	(133,049)
Licenses and permits	318,600	318,600	233,189	(85,411)
Investment income	9,000	9,000	4,786	(4,214)
Miscellaneous	1,004,900	1,358,756	1,162,153	(196,603)
Use of Money and Property	140,500	140,500	173,880	33,380
Transfers in	3,519,250	3,519,250	2,556,871	(962,379)
Total resources (Inflows)	15,374,419	18,053,417	16,407,894	(1,645,523)
Amounts available for appropriation	16,251,543	18,944,497	17,231,338	(1,713,159)
Charges to Appropriations (Outflows):				
City Management	180,561	233,227	220,494	12,733
Municipal Court	356,660	380,734	329,343	51,391
City Attorney	378,059	362,046	353,926	8,120
Human Resources	284,600	440,594	451,873	(11,279)
City Clerk	567,609	562,146	543,714	18,432
Community Services	698,792	685,303	625,042	60,261
Recreation	225,808	280,546	262,151	18,395
Eagle Harbor Aquatic	106,969	104,574	93,938	10,636
Street and Alley	596,762	565,715	509,578	56,137
Park Maintenance	185,322	196,718	139,237	57,481
Fire	2,517,987	2,713,176	2,583,794	129,382
Police	3,662,680	3,690,041	3,393,459	296,582
General Government	1,470,771	3,879,059	1,808,048	2,071,011
Drainage	80,000	64,000	33,630	30,370
Appropriated Reserves	388,963	101,963	-	101,963
Transfers Out	4,550,000	4,685,555	1,770,465	2,915,090
Total Charges to Appropriations	16,251,543	18,945,397	13,118,692	5,826,705
Ending Budgetary Fund Balance	\$ -	\$ (900)	\$ 4,112,646	\$ 4,113,546

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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Total Resources (Inflows) Per Budgetary Comparison Schedule	\$ 16,407,894
Worker's Compensation fund transfers in	352,447
Worker's Compensation revenues	9,660
Adjusted Total Resources	16,770,001

Total Resources (Inflows) Per Statement of Revenues, Expenditures and Changes in Fund Balance:	
Total Revenues	13,861,033
Transfer In	2,908,968
Total Resources (Inflows) Per Statement of Revenues, Expenditures	16,770,001

Charges to Appropriations (Outflows) Per Budgetary Comparison Schedule:	13,118,692
Transfer from General Fund to Public Safety Fund	1,158,582
Worker's Compensation fund expenditures	177,002
Employee benefit fund expenditures	38,526
Adjusted Total Charges to Appropriations	14,492,802

Total Expenditures and Transfers Per Statement of Revenues, Expenditures	
Total Expenditures	11,563,755
Transfers Out	2,929,047
	\$ 14,492,802

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Combining Balance Sheet – Nonmajor Governmental Funds (Modified Cash Basis) – June 30, 2022

	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	
ASSETS								
Cash and cash equivalents	\$ 10,521	\$ 192,053	\$ 13,773	\$ 22,801	\$ 200	\$ 553,283	\$ 626,517	\$ 1,419,148
Due from other funds	-	-	-	-	-	45,000	-	45,000
Total assets	<u>10,521</u>	<u>192,053</u>	<u>13,773</u>	<u>22,801</u>	<u>200</u>	<u>598,283</u>	<u>626,517</u>	<u>1,464,148</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Due to other funds	2,351	-	-	-	-	24,925	-	27,276
Total liabilities	<u>2,351</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,925</u>	<u>-</u>	<u>27,276</u>
FUND BALANCES:								
Restricted	8,170	192,053	13,773	22,801	200	573,358	626,517	1,436,872
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>8,170</u>	<u>192,053</u>	<u>13,773</u>	<u>22,801</u>	<u>200</u>	<u>573,358</u>	<u>626,517</u>	<u>1,436,872</u>
Total liabilities and fund balances	<u>\$ 10,521</u>	<u>\$ 192,053</u>	<u>\$ 13,773</u>	<u>\$ 22,801</u>	<u>\$ 200</u>	<u>\$ 598,283</u>	<u>\$ 626,517</u>	<u>\$ 1,464,148</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds (Modified Cash Basis) – For the Year Ended June 30, 2022

	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	
REVENUES								
Taxes	-	\$ 191,896	-	-	-	\$ 541,646	-	\$ 733,542
Miscellaneous	-	-	31,182	8,289	-	-	-	39,471
Total revenues	<u>-</u>	<u>191,896</u>	<u>31,182</u>	<u>8,289</u>	<u>-</u>	<u>541,646</u>	<u>-</u>	<u>773,013</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	41,000	-	41,000
Public Safety	-	-	25,075	-	-	-	-	25,075
Economic development	-	47,961	-	-	-	-	-	47,961
Debt Service:								
Principal	-	-	-	-	-	443,982	-	443,982
Interest	-	-	-	-	-	71,294	-	71,294
Capital Outlay	-	959	-	-	23,555	-	-	24,514
Total Expenditures	<u>-</u>	<u>48,920</u>	<u>25,075</u>	<u>-</u>	<u>23,555</u>	<u>556,276</u>	<u>-</u>	<u>653,826</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>142,976</u>	<u>6,107</u>	<u>8,289</u>	<u>(23,555)</u>	<u>(14,630)</u>	<u>-</u>	<u>119,187</u>
OTHER FINANCING SOURCES (USES)								
Proceeds from long-term debt, net	-	-	-	-	-	41,000	-	41,000
Transfers in	-	-	-	-	23,555	-	-	23,555
Transfers out	-	(77,800)	-	-	-	-	-	(77,800)
Total other financing sources and uses	<u>-</u>	<u>(77,800)</u>	<u>-</u>	<u>-</u>	<u>23,555</u>	<u>41,000</u>	<u>-</u>	<u>(13,245)</u>
Net change in fund balances	<u>-</u>	<u>65,176</u>	<u>6,107</u>	<u>8,289</u>	<u>-</u>	<u>26,370</u>	<u>-</u>	<u>105,942</u>
Fund balances - beginning	8,170	126,877	7,666	14,512	200	546,988	626,517	1,330,930
Fund balances - ending	<u>\$ 8,170</u>	<u>\$ 192,053</u>	<u>\$ 13,773</u>	<u>\$ 22,801</u>	<u>\$ 200</u>	<u>\$ 573,358</u>	<u>\$ 626,517</u>	<u>\$ 1,436,872</u>

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Combining Balance Sheet – General Fund Accounts (Modified Cash Basis) – For the Year Ended June 30, 2022

	<u>General Fund</u>	<u>Employee Benefit</u>	<u>Worker's Compensation</u>	<u>Total General Fund</u>
ASSETS				
Cash and cash equivalents	\$ 3,130,384	\$ 79,988	\$ 1,408	\$ 3,211,780
Investments	-	-	59,572	59,572
Due from other funds	569,676	-	-	569,676
Total assets	<u>\$ 3,700,060</u>	<u>\$ 79,988</u>	<u>\$ 60,980</u>	<u>\$ 3,841,028</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ 198,551	\$ -	\$ -	\$ 198,551
Other payables	-	41,579	-	41,579
Total liabilities	<u>198,551</u>	<u>41,579</u>	<u>-</u>	<u>240,130</u>
Fund balances:				
Assigned	4,511,245	38,409	-	4,549,654
Unassigned	(1,009,736)	-	60,980	(948,756)
Total fund balances	<u>3,501,509</u>	<u>38,409</u>	<u>60,980</u>	<u>3,600,898</u>
Total liabilities and fund balances	<u>\$ 3,700,060</u>	<u>\$ 79,988</u>	<u>\$ 60,980</u>	<u>\$ 3,841,028</u>

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund
Accounts (Modified Cash Basis) – For the Year Ended June 30, 2022

	<u>General Fund</u>	<u>Employee Benefit</u>	<u>Worker's Compensation</u>	<u>Total General Fund</u>
REVENUES				
Taxes	\$ 9,020,339	\$ -	\$ -	\$ 9,020,339
Intergovernmental	2,911,610	-	-	2,911,610
Charges for services	265,011	-	-	265,011
Fees and fines	668,429	-	-	668,429
Licenses and permits	220,310	-	-	220,310
Investment earnings	4,786	-	2,234	7,020
Miscellaneous	760,888	-	7,426	768,314
Total revenues	<u>13,851,373</u>	<u>-</u>	<u>9,660</u>	<u>13,861,033</u>
EXPENDITURES				
Current:				
General government	3,043,504	-	-	3,043,504
Administration	-	-	177,002	177,002
Municipal court	329,343	-	-	329,343
Community services	707,708	-	-	707,708
Public safety	5,940,417	-	-	5,940,417
Street and alley	492,482	-	-	492,482
Drainage	24,742	-	-	24,742
Culture and recreation	369,402	-	-	369,402
Misc. expenses	-	38,526	-	38,526
Capital Outlay	440,629	-	-	440,629
Total Expenditures	<u>11,348,227</u>	<u>38,526</u>	<u>177,002</u>	<u>11,563,755</u>
Excess (deficiency) of revenues over expenditures	<u>2,503,146</u>	<u>(38,526)</u>	<u>(167,342)</u>	<u>2,297,278</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,556,521	-	352,447	2,908,968
Transfers out	(2,929,047)	-	-	(2,929,047)
Total other financing sources and uses	<u>(372,526)</u>	<u>-</u>	<u>352,447</u>	<u>(20,079)</u>
Net change in fund balances	2,130,620	(38,526)	185,105	2,277,199
Fund balances - beginning	1,370,889	76,935	(124,125)	1,323,699
Fund balances - ending	<u>\$ 3,501,509</u>	<u>\$ 38,409</u>	<u>\$ 60,980</u>	<u>\$ 3,600,898</u>

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Schedule of Federal Awards Expended (Modified Cash Basis)– Year Ended June 30, 2022

Federal Grantor/Pass through agency Grantor/Program Title	Federal AL Number	Pass Thru Grant #	Award Amount	Contract Expenditures
FEDERAL AWARDS:				
<u>U.S. DEPARTMENT OF TREASURY</u>				
Passed through OMES:				
CARES Act Grant	21.019	CARES Act-Covid 19 Relief	\$ 4,530	\$ 4,530
ARPA Grant	21.019	ARPA FY22	1,896,058	-
Total AL 21.019			<u>\$ 1,900,588</u>	<u>\$ 4,530</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>				
Oklahoma Highway Safety Office FY21	20.600	PT-21-03-10-06	\$ 6,910	\$ 6,910
Oklahoma Highway Safety Office FY22	20.600	PT-22-03-10-07	6,985	6,985
Total AL 20.600			<u>\$ 13,895</u>	<u>\$ 13,895</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
Oklahoma Department of Emergency Management				
SAFER Grant 2017	97.083	EMW-2017-FH-00205	\$ 30,422	\$ 30,422
SAFER Grant 2018	97.083	EMW-2018-FH-00075	93,160	93,160
Total AL 97.083			<u>\$ 123,582</u>	<u>\$ 123,582</u>
FEMA Emergency Protective Measures CW - Ice Storm	97.036	4575DR-OK	\$ 7,500	\$ 7,500
FEMA Emergency Protective Measures CW - Ice Storm	97.036	4575DR-OK	715,758	715,758
Total AL 97.036			<u>\$ 723,258</u>	<u>\$ 723,258</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>				
JAG Grant; passed through City of OKC; FY22	16.738	2020-DJ-BX-0906	\$ 7,948	\$ 7,948
TOTAL FEDERAL AWARDS			<u><u>\$ 2,769,271</u></u>	<u><u>\$ 873,213</u></u>

Footnotes to Federal Awards Schedules:

- The Schedule of Expenditures of Federal Awards is prepared on a modified cash basis. This may differ from the measurement of awards expended as defined in the Uniform Guidance.

Schedule of State Awards (Modified Cash Basis) – Year Ended June 30, 2022

State Grantor/Pass through agency Grantor/Program Title	Federal CFDA Number	Pass Thru Grant #	Award Amount	Contract Expenditures
STATE AWARDS:				
<u>OKLAHOMA DEPARTMENT OF EMERGENCY MANAGEMENT</u>				
FEMA 2015 Storm	97.036	4247DR	\$ 10,320	\$ 10,320
TOTAL STATE AWARDS			<u><u>\$ 10,320</u></u>	<u><u>\$ 10,320</u></u>

CITY OF DEL CITY, OKLAHOMA
SINGLE AUDIT REPORT
AND SUPPLEMENTARY SCHEDULES

June 30, 2022

CITY OF DEL CITY, OKLAHOMA

June 30, 2022

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SINGLE AUDIT REPORT 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	6
Notes to the Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs	8
Summary Schedule of Prior Audit Findings and Questioned Costs	10



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 of the
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, 2022, 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 31, 2023. 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.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Arledge & Associates PC

Edmond, Oklahoma
May 31, 2023





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

Opinion on Each Major Federal Program

We have audited City of Del City, Oklahoma's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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 discretely presented component units, each major fund, and the aggregate remaining fund information of City as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City's basic financial statements. We issued our report thereon dated May 31, 2023, which contained unmodified opinions on those financial statements. Our audit was performed 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. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such



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

Arledge & Associates PC

Edmond, Oklahoma
May 31, 2023



City of Del City, Oklahoma
Schedule of Expenditures of Federal Awards By Grant
For the Year Ended June 30, 2022

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal AL Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
Highway Safety Cluster-Cluster			
Department of Transportation			
Passed Through Oklahoma Highway Safety Office			
State and Community Highway Safety	20.600	Oklahoma Highway Safety Office FY22--PT-22-03-10-06	\$ 6,985
State and Community Highway Safety	20.600	Oklahoma Highway Safety Office FY 21--PT-21-03-10-05	6,910
Total State and Community Highway Safety			<u>13,895</u>
Total Department of Transportation			<u>13,895</u>
Total Highway Safety Cluster-Cluster			<u>13,895</u>
Other Programs			
Department of Homeland Security			
Passed Through Oklahoma Department of Emergency Management			
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA - Ice Storm - Damaged Well Pump--P#172131 PW# 86	7,500
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA - Ice Storm - Debris Removal-- P#1720411 PW# 136	715,758
Total Disaster Grants-Public Assistance (Presidentially Declared Disasters)			<u>723,258</u>
Staffing for Adequate Fire and Emergency Response (SAFER)			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		93,160
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		30,422
Total Staffing for Adequate Fire and Emergency Response (SAFER)			<u>123,582</u>
Total Department of Homeland Security			846,840
United States Department of Justice			
Passed Through City of Oklahoma City			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	City of Oklahoma City	7,948
Total Edward Byrne Memorial Justice Assistance Grant Program			<u>7,948</u>
Total United States Department of Justice			7,948
Department of the Treasury			
Passed Through Oklahoma Management and Enterprise Services			
Coronavirus Relief Fund	21.019	OMES Cares Grant--CARES Act- Covid 19 R	4,530
Passed Through Oklahoma Department of Emergency Management			
Coronavirus Relief Fund	21.019	Oklahoma CARES PPE grant-- Okla. CARES PPE	11,906
Total Coronavirus Relief Fund			<u>16,436</u>
Total Department of the Treasury			16,436
Total Other Programs			<u>871,224</u>
Total Expenditures of Federal Awards			<u>\$ 885,119</u>

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, 2022

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, 2022. 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, 2022, the City did not provide federal awards to subrecipients.

NOTE D—SUBSEQUENT EVENTS

The City has evaluated the effects of all subsequent events from June 30, 2022, through May 31, 2023, the date the SEFA was available to be issued, for potential recognition or disclosure in this SEFA. The City is not aware of any subsequent events which would require recognition or disclosure in the SEFA.

CITY OF DEL CITY, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2022

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 X no
- Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X 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 X no

Identification of major federal programs:

<u>Program</u>	<u>Federal AL Number</u>
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036

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

\$750,000

Auditee qualified as low-risk auditee?

_____ yes X no

CITY OF DEL CITY, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS--Continued

June 30, 2022

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, 2022

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.

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.