



City
of Del City
Oklahoma

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

**THE CITY OF DEL CITY,
OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

**CITY OF DEL CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

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**CITY OF DEL CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

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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, 2023, 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 opinions, 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, 2023, 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 and *Government Auditing Standards*, we:

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

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

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

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 to form opinions on the financial statements that collectively comprise the basic financial statements of the City of Del City, Oklahoma. The combining and individual nonmajor fund financial statements and General Fund Accounts and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund and General Fund Accounts 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 March 25, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Arledge & Associates PC

Edmond, Oklahoma
March 25, 2024



CITY OF DEL CITY, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

CITY OF DEL CITY, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023

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, 2023. Management of the City is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts. The City reports its financial statements and schedules on a modified cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles. All of the financial analysis in this report must be considered within the context of the limitations of the modified cash basis of accounting.

FINANCIAL HIGHLIGHTS

- As reported on a modified cash basis, the City's total net position increased by \$3.2 million, and the assets of the City exceed its liabilities at June 30, 2023, by \$50.1 million (net position). Of this amount, \$1.04 million (unrestricted net position) is available to meet the government's ongoing needs.
- At June 30, 2023, the City's governmental funds reported combined ending fund balances on a modified cash basis of approximately \$11.8 million.
- At the end of fiscal year 2023, unassigned fund balance deficit on a modified cash basis for the governmental funds was (\$3.97) million.
- At June 30, 2023, the General Fund reported an unassigned fund balance of \$1,458,089.

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:

CITY OF DEL CITY, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023

- 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, 2023

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 \$50.1 million at the close of the most recent fiscal year.

NET POSITION - Modified Cash Basis (In Thousands)

| | <u>Governmental Activities</u> | | <u>% Inc. (Dec.)</u> | <u>Business-Type Activities</u> | | <u>% Inc. (Dec.)</u> | <u>Total</u> | | <u>% Inc. (Dec.)</u> |
|----------------------------------|--------------------------------|------------------|----------------------|---------------------------------|------------------|----------------------|------------------|------------------|----------------------|
| | <u>2023</u> | <u>2022</u> | | <u>2023</u> | <u>2022</u> | | <u>2023</u> | <u>2022</u> | |
| Current assets | \$ 11,866 | \$ 13,811 | -14% | \$ 2,543 | \$ 1,708 | 49% | \$ 14,409 | \$ 15,519 | -7% |
| Capital assets, net | <u>35,650</u> | <u>35,599</u> | 0% | <u>26,862</u> | <u>27,739</u> | -3% | <u>62,512</u> | <u>63,338</u> | -1% |
| Total assets | <u>47,516</u> | <u>49,410</u> | -4% | <u>29,405</u> | <u>29,447</u> | 0% | <u>76,921</u> | <u>78,857</u> | -2% |
| Current liabilities | 2,160 | 6,091 | -65% | 2,059 | 2,011 | 2% | 4,219 | 8,102 | -48% |
| Non-current liabilities | <u>9,125</u> | <u>8,991</u> | 1% | <u>13,481</u> | <u>14,825</u> | -9% | <u>22,606</u> | <u>23,816</u> | -5% |
| Total liabilities | <u>11,285</u> | <u>15,082</u> | -25% | <u>15,540</u> | <u>16,836</u> | -8% | <u>26,825</u> | <u>31,918</u> | -16% |
| Net position | | | | | | | | | |
| Net investment in capital assets | 27,728 | 23,957 | 16% | 12,012 | 11,570 | 4% | 39,740 | 35,527 | 12% |
| Restricted | 9,312 | 9,799 | -5% | - | - | 0% | 9,312 | 9,799 | -5% |
| Unrestricted (deficit) | <u>(809)</u> | <u>572</u> | -241% | <u>1,853</u> | <u>1,040</u> | 78% | <u>1,044</u> | <u>1,612</u> | -35% |
| Total net position | <u>\$ 36,231</u> | <u>\$ 34,328</u> | 6% | <u>\$ 13,865</u> | <u>\$ 12,610</u> | 10% | <u>\$ 50,096</u> | <u>\$ 46,938</u> | 7% |

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 2023, this net investment in capital assets, amounted to \$39.7 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, \$9.3 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, 2023, 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, 2023

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

| | Governmental Activities | | % Inc. (Dec.) | Business-Type Activities | | % Inc. (Dec.) | Total | | % Inc. (Dec.) |
|---|-------------------------|------------------|---------------|--------------------------|------------------|---------------|------------------|------------------|---------------|
| | 2023 | 2022 | | 2023 | 2022 | | 2023 | 2022 | |
| Revenues | | | | | | | | | |
| Charges for service | \$ 1,724 | \$ 1,704 | 1% | \$ 9,223 | \$ 8,687 | 6% | \$ 10,947 | \$ 10,391 | 5% |
| Operating grants and contributions | 274 | 174 | 57% | - | - | - | 274 | 174 | 57% |
| Taxes | 16,793 | 16,382 | 3% | - | - | - | 16,793 | 16,382 | 100% |
| Intergovernmental revenue | 2,137 | 2,894 | -26% | - | - | - | 2,137 | 2,894 | -26% |
| Investment income | 148 | 8 | 1750% | - | - | - | 148 | 8 | 1750% |
| Miscellaneous | 907 | 543 | 67% | 67 | 58 | 16% | 974 | 601 | 62% |
| Total revenues | 21,983 | 21,705 | 1% | 9,290 | 8,745 | 6% | 31,273 | 30,450 | 3% |
| Expenses | | | | | | | | | |
| General government | 4,185 | 3,695 | 13% | - | - | - | 4,185 | 3,695 | 13% |
| Public safety | 10,563 | 10,061 | 5% | - | - | - | 10,563 | 10,061 | 5% |
| Streets | 1,261 | 1,067 | 18% | - | - | - | 1,261 | 1,067 | 18% |
| Drainage | 57 | 61 | -7% | - | - | - | 57 | 61 | -7% |
| Community Services | 1,139 | 899 | 27% | - | - | - | 1,139 | 899 | 27% |
| Culture and Recreation | 403 | 426 | -5% | - | - | - | 403 | 426 | -5% |
| Economic development | 1,562 | 1,230 | 27% | - | - | - | 1,562 | 1,230 | 27% |
| Water | - | - | - | 4,900 | 4,523 | 8% | 4,900 | 4,523 | 8% |
| Wastewater | - | - | - | 2,051 | 1,444 | 42% | 2,051 | 1,444 | 42% |
| Sanitation | - | - | - | 1,524 | 1,523 | 0% | 1,524 | 1,523 | 0% |
| Interest on long-term debt | 469 | 586 | -20% | - | 332 | - | 469 | 918 | |
| Total expenses | 19,639 | 18,025 | 9% | 8,475 | 7,822 | 8% | 28,114 | 25,847 | 9% |
| Excess (deficiency) before transfers and special item | 2,344 | 3,680 | -36% | 815 | 923 | -12% | 3,159 | 4,603 | -31% |
| Transfers | (441) | 535 | -182% | 441 | (535) | -182% | - | - | - |
| Change in net position | 1,903 | 4,215 | -55% | 1,256 | 389 | 223% | 3,159 | 4,604 | -31% |
| Beginning net position | 34,328 | 30,113 | 14% | 12,610 | 12,221 | 3% | 46,938 | 42,334 | 11% |
| Ending net position | \$ 36,231 | \$ 34,328 | 6% | \$ 13,865 | \$ 12,610 | 10% | \$ 50,096 | \$ 46,938 | 7% |

Governmental Activities

The governmental activities, on the modified cash basis of accounting, had an increase in net position of approximately \$1.9 million.

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

| | Total Expense of Services | | % Inc. (Dec.) | Net Revenue (Expense) of Services | | % Inc. (Dec.) |
|----------------------------|---------------------------|------------------|---------------|-----------------------------------|-------------------|---------------|
| | 2023 | 2022 | | 2023 | 2022 | |
| General government | \$ 4,185 | \$ 3,695 | 13% | (\$3,902) | (\$3,474) | 12% |
| Public safety | 10,563 | 10,061 | 5% | (8,968) | (8,541) | 5% |
| Streets | 1,261 | 1,067 | 18% | (1,238) | (1,043) | 19% |
| Drainage | 57 | 61 | -7% | (57) | (61) | -7% |
| Community Services | 1,139 | 899 | 27% | (1,139) | (899) | 27% |
| Culture and Recreation | 403 | 426 | -5% | (305) | (313) | -3% |
| Economic Development | 1,562 | 1,230 | 27% | (1,562) | (1,230) | 27% |
| Interest on long-term debt | 469 | 586 | -20% | (469) | (586) | -20% |
| Total | \$ 19,639 | \$ 18,025 | 9% | (\$17,641) | (\$16,147) | 9% |

CITY OF DEL CITY, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023

Business-type Activities

The business-type activities, on the modified cash basis of accounting, had an increase in net position of approximately \$1.26 million. In reviewing the departmental net (expense)/revenue, wastewater and sanitation utility activity charges for services in 2023 were sufficient to cover expenses.

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

| | Total Expense | | % Inc. Dec. | Net Revenue | | % Inc. Dec. | | |
|--------------|----------------------|-----------------|------------------------|--------------------|-----------------|------------------------|--------------------|--|
| | of Services | | | (Expense) | | | of Services | |
| | <u>2023</u> | <u>2022</u> | | <u>2023</u> | <u>2022</u> | | | |
| Water | \$ 4,900 | \$ 4,523 | 8% | \$ (762) | \$ (505) | 51% | | |
| Wastewater | 2,051 | 1,444 | 42% | 853 | 1,047 | -19% | | |
| Sanitation | <u>1,524</u> | <u>1,523</u> | 0% | <u>657</u> | <u>656</u> | 0% | | |
| Total | <u>\$ 8,475</u> | <u>\$ 7,490</u> | 13% | <u>\$ 748</u> | <u>\$ 1,198</u> | -38% | | |

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2023 fiscal year, the governmental funds reported, on a modified cash basis of accounting, a combined total fund balance of about \$11.8 million or a (14.2%) decrease from the 2022 amount. The enterprise fund reported, on a modified cash basis of accounting, combined total net position of \$13.9 million or a 9.96% increase from 2022.

Other fund highlights include:

- For the year ended June 30, 2023, the General Fund's total fund balance increased by \$1 million or 28% related mainly to receipt of ARPA Funds of about \$1.9 million.
- The Del City Economic Development Authority Fund decreased its Fund Balance by \$2.48 million or 320% due mainly to the payments on debt and capital projects.

Budgetary Highlights

For the year ended June 30, 2023, the General Fund reported actual budgetary basis revenues under final estimates by \$1.8 million or a 10.4% negative variance which was due mainly to Intergovernmental resources being less than final estimates by about \$1.9 million. General Fund actual expenditures were under final appropriations by \$8 million or a 35.2% positive variance due mainly to General Government expenditures being less than final estimates by \$4.5 million.

CITY OF DEL CITY, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2023, the City had \$62.5 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 \$825,084 over last year.

| | Capital Assets | | | | | |
|------------------------------------|--|------------------|----------------------|------------------|-------------------|------------------|
| | (In Thousands) | | | | | |
| | (Net of accumulated depreciation) | | | | | |
| | Governmental | | Business-Type | | Total | |
| | Activities | | Activities | | Activities | |
| | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> |
| Land | \$ 2,971 | \$ 2,204 | \$ 1,019 | \$ 984 | \$ 3,990 | \$ 3,188 |
| Buildings | 12,797 | 13,091 | 18,270 | 19,116 | 31,067 | 32,207 |
| Machinery, furniture and equipment | 4,239 | 4,694 | 1,689 | 1,414 | 5,928 | 6,108 |
| Infrastructure | 15,582 | 15,595 | 5,884 | 6,224 | 21,466 | 21,819 |
| Construction in progress | 61 | 15 | - | - | 61 | 15 |
| Totals | <u>\$ 35,650</u> | <u>\$ 35,599</u> | <u>\$ 26,862</u> | <u>\$ 27,738</u> | <u>\$ 62,512</u> | <u>\$ 63,337</u> |

This year's more significant capital asset addition includes:

| | |
|--------------------------------------|-----------|
| Land at 5213 SE 15 th St. | \$778,618 |
| (10) 2023 Ford F150 trucks | 463,040 |
| (2) 2023 Freightliner M2106 trucks | 340,667 |
| 2024 Peterson TL-3 Truck | 129,501 |
| Walking Trails; Sidewalks | 304,218 |
| MidDel Youth Project | 195,680 |

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 \$26.1 million in long-term debt outstanding which represents a \$5.12 million or 16.4% decrease from the prior year. This is the net result of \$80,270 issuance of new debt while reducing debt with normal payments of \$5,204,259. The City's changes in long-term debt by type of debt are as follows:

CITY OF DEL CITY, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2023

| | Long-Term Debt (In Thousands) | | | | | | Total Percentage Change |
|---------------|--|------------------|-------------------------------------|------------------|------------------|------------------|--|
| | Governmental Activities | | Business-Type Activities | | Total | | |
| | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> | |
| Notes payable | \$ 9,435 | \$ 12,821 | \$ 14,851 | \$ 16,168 | \$ 24,286 | \$ 28,989 | -16.2% |
| Bonds payable | 1,800 | 2,220 | - | - | 1,800 | 2,220 | -18.9% |
| Totals | <u>\$ 11,235</u> | <u>\$ 15,041</u> | <u>\$ 14,851</u> | <u>\$ 16,168</u> | <u>\$ 26,085</u> | <u>\$ 31,209</u> | -16.4% |

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 2024 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, 2023**

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF DEL CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Statement of Net Position (Modified Cash Basis)– June 30, 2023

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 7,411,095 | \$ 2,080,533 | \$ 9,491,628 |
| Investments | 116,738 | - | 116,738 |
| Restricted Cash and Cash Equivalents | 4,110,987 | 689,168 | 4,800,155 |
| Internal Balances | 226,886 | (226,886) | - |
| Capital Assets: | | | |
| Land and construction in progress | 3,031,718 | 1,019,413 | 4,051,131 |
| Other capital assets, net of depreciation | 32,618,472 | 25,843,146 | 58,461,618 |
| Total Assets | <u>47,515,896</u> | <u>29,405,374</u> | <u>76,921,270</u> |
| LIABILITIES | | | |
| Other payables | 50,389 | - | 50,389 |
| Meter deposit liability | - | 689,168 | 689,168 |
| Long-term liabilities | | | |
| Due within one year | 2,109,660 | 1,369,441 | 3,479,101 |
| Due in more than one year | 9,124,923 | 13,481,420 | 22,606,343 |
| Total liabilities | <u>11,284,972</u> | <u>15,540,029</u> | <u>26,825,001</u> |
| NET POSITION | | | |
| Net investment in capital assets | 27,728,333 | 12,011,698 | 39,740,031 |
| Restricted for: | | | |
| Debt Service | 1,365,225 | - | 1,365,225 |
| Capital projects | 626,517 | - | 626,517 |
| Neighborhood enhancement | 3,911,554 | - | 3,911,554 |
| Limited Sales Tax Purposes | 164,826 | - | 164,826 |
| Economic development | 2,843,615 | - | 2,843,615 |
| Other | 399,662 | - | 399,662 |
| Unrestricted (deficit) | (808,808) | 1,853,647 | 1,044,839 |
| Total net position | <u>\$ 36,230,924</u> | <u>\$ 13,865,345</u> | <u>\$ 50,096,269</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, 2023**

Statement of Activities (Modified Cash Basis) –Year Ended June 30, 2023

| 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 | \$ 4,184,808 | \$ - | \$ 283,073 | \$ - | \$ - | \$ (3,901,735) | \$ - | \$ (3,901,735) |
| Public Safety | 10,562,804 | - | 1,343,422 | 251,221 | - | (8,968,161) | - | (8,968,161) |
| Streets | 1,260,921 | - | - | 22,761 | - | (1,238,160) | - | (1,238,160) |
| Drainage | 57,390 | - | - | - | - | (57,390) | - | (57,390) |
| Community services | 1,138,763 | - | - | - | - | (1,138,763) | - | (1,138,763) |
| Culture and Recreation | 403,083 | - | 97,942 | - | - | (305,141) | - | (305,141) |
| Economic Development | 1,562,008 | - | - | - | - | (1,562,008) | - | (1,562,008) |
| Interest on Long-term debt | 469,440 | - | - | - | - | (469,440) | - | (469,440) |
| Total governmental activities | <u>19,639,217</u> | <u>-</u> | <u>1,724,437</u> | <u>273,982</u> | <u>-</u> | <u>(17,640,798)</u> | <u>-</u> | <u>(17,640,798)</u> |
| Business-type activities: | | | | | | | | |
| Water | 4,406,506 | 493,216 | 4,138,112 | - | - | - | (761,610) | (761,610) |
| Wastewater | 1,745,627 | 305,741 | 2,903,876 | - | - | - | 852,508 | 852,508 |
| Sanitation | 1,256,170 | 267,457 | 2,180,634 | - | - | - | 657,007 | 657,007 |
| General Government | 383,754 | (383,754) | - | - | - | - | - | - |
| Fleet Maintenance | 682,660 | (682,660) | - | - | - | - | - | - |
| Total business-type activities | <u>8,474,717</u> | <u>-</u> | <u>9,222,622</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>747,905</u> | <u>747,905</u> |
| Total primary government | <u>28,113,934</u> | <u>-</u> | <u>10,947,059</u> | <u>273,982</u> | <u>-</u> | <u>(17,640,798)</u> | <u>747,905</u> | <u>(16,892,893)</u> |
| General revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Sales and use taxes | | | | | | \$ 15,029,891 | \$ - | \$ 15,029,891 |
| Ad valorem taxes | | | | | | 499,268 | - | 499,268 |
| Franchise taxes and public service taxes | | | | | | 1,063,829 | - | 1,063,829 |
| Hotel/motel taxes | | | | | | 200,162 | - | 200,162 |
| Intergovernmental revenue not restricted to specific programs | | | | | | 2,136,540 | - | 2,136,540 |
| Unrestricted investment earnings | | | | | | 147,980 | - | 147,980 |
| Miscellaneous | | | | | | 907,272 | 66,875 | 974,147 |
| Transfers | | | | | | (440,871) | 440,871 | - |
| Total general revenues and transfers | | | | | | <u>19,544,071</u> | <u>507,746</u> | <u>20,051,817</u> |
| Change in net position | | | | | | 1,903,273 | 1,255,651 | 3,158,924 |
| Net position - beginning | | | | | | 34,327,651 | 12,609,694 | 46,937,345 |
| Net position - ending | | | | | | <u>\$ 36,230,924</u> | <u>\$ 13,865,345</u> | <u>\$ 50,096,269</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, 2023**

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

**CITY OF DEL CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

Governmental Funds Balance Sheet (Modified Cash Basis)- June 30, 2023

| | General Fund | Limited Purpose Sales Tax | Economic Development | Neighborhood Enhancement | Del City Economic Development Authority | Public Safety Fund | Other Governmental Funds | Total Governmental Funds |
|--------------------------------------|---------------------|------------------------------|-------------------------|-----------------------------|--|-----------------------|--------------------------------|--------------------------------|
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 2,899,727 | \$ - | \$ - | \$ 2,963,225 | \$ - | \$ 113,196 | \$ 1,434,947 | \$ 7,411,095 |
| Restricted cash and cash equivalents | - | 389,102 | - | - | 3,721,885 | - | - | 4,110,987 |
| Investments | 116,738 | - | - | - | - | - | - | 116,738 |
| Due from other funds | 1,849,023 | 1,227,138 | 3,656,637 | 948,329 | - | - | 45,000 | 7,726,127 |
| Total assets | <u>\$ 4,865,488</u> | <u>\$ 1,616,240</u> | <u>\$ 3,656,637</u> | <u>\$ 3,911,554</u> | <u>\$ 3,721,885</u> | <u>\$ 113,196</u> | <u>\$ 1,479,947</u> | <u>\$ 19,364,947</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Due to other funds | \$ 198,551 | \$ 1,062,312 | \$ 813,023 | \$ - | 5,425,355 | - | - | \$ 7,499,241 |
| Other payables | 50,389 | - | - | - | - | - | - | 50,389 |
| Total liabilities | <u>248,940</u> | <u>1,062,312</u> | <u>813,023</u> | <u>-</u> | <u>5,425,355</u> | <u>-</u> | <u>-</u> | <u>7,549,630</u> |
| Fund balances: | | | | | | | | |
| Restricted | - | 553,928 | 2,843,614 | 3,911,554 | 3,721,885 | 113,196 | 1,479,947 | 12,624,124 |
| Assigned | 3,158,459 | - | - | - | - | - | - | 3,158,459 |
| Unassigned (deficit) | 1,458,089 | - | - | - | (5,425,355) | - | - | (3,967,266) |
| Total fund balances | <u>4,616,548</u> | <u>553,928</u> | <u>2,843,614</u> | <u>3,911,554</u> | <u>(1,703,470)</u> | <u>113,196</u> | <u>1,479,947</u> | <u>11,815,317</u> |
| Total liabilities and fund balances | <u>\$ 4,865,488</u> | <u>\$ 1,616,240</u> | <u>\$ 3,656,637</u> | <u>\$ 3,911,554</u> | <u>\$ 3,721,885</u> | <u>\$ 113,196</u> | <u>\$ 1,479,947</u> | <u>\$ 19,364,947</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, 2023

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances
(Modified Cash Basis) – Year Ended June 30, 2023

| | 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 | \$ 9,283,441 | \$ 4,006,475 | \$ 741,940 | \$ 741,940 | \$ - | \$ 1,483,880 | \$ 699,430 | \$ 16,957,106 |
| Intergovernmental | 2,363,140 | - | 13,772 | - | - | 27,335 | - | 2,404,247 |
| Charges for services | 241,729 | - | - | - | - | - | - | 241,729 |
| Fees and fines | 525,279 | - | - | - | - | - | - | 525,279 |
| Licenses and permits | 281,992 | - | - | - | - | - | - | 281,992 |
| Investment earnings | 30,091 | 9,253 | - | - | 108,636 | - | - | 147,980 |
| Miscellaneous | 1,295,347 | - | - | - | 50,033 | 65,250 | 25,518 | 1,436,148 |
| Total revenues | <u>14,021,019</u> | <u>4,015,728</u> | <u>755,712</u> | <u>741,940</u> | <u>158,669</u> | <u>1,576,465</u> | <u>724,948</u> | <u>21,994,481</u> |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| General government | 3,302,227 | - | - | 977,453 | - | - | 80,120 | 4,359,800 |
| Administration | 210,152 | - | - | - | - | - | - | 210,152 |
| Municipal court | 279,436 | - | - | - | - | - | - | 279,436 |
| Community services | 813,258 | - | - | - | - | - | - | 813,258 |
| Public safety | 6,121,909 | - | - | - | - | 3,328,243 | 32,980 | 9,483,132 |
| Street and alley | 680,736 | - | - | - | - | - | - | 680,736 |
| Drainage | 20,797 | - | - | - | - | - | - | 20,797 |
| Culture and recreation | 327,659 | - | - | - | - | - | - | 327,659 |
| Economic development | - | - | 338,143 | - | 890,153 | - | 25,651 | 1,253,947 |
| Debt Service: | | | | | | | | |
| Principal | - | - | - | - | 3,443,676 | - | 442,954 | 3,886,630 |
| Interest and other charges | - | 500 | - | - | 406,232 | - | 62,708 | 469,440 |
| Capital Outlay | 247,985 | 779,363 | 404,815 | - | 339,226 | - | 31,495 | 1,802,884 |
| Total Expenditures | <u>12,004,159</u> | <u>779,863</u> | <u>742,958</u> | <u>977,453</u> | <u>5,079,287</u> | <u>3,328,243</u> | <u>675,908</u> | <u>23,587,871</u> |
| Excess (deficiency) of revenues over expenditures | <u>2,016,860</u> | <u>3,235,865</u> | <u>12,754</u> | <u>(235,513)</u> | <u>(4,920,618)</u> | <u>(1,751,778)</u> | <u>49,040</u> | <u>(1,593,390)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Proceeds from long-term debt | - | - | - | - | 150 | - | 80,120 | 80,270 |
| Transfers in | 1,945,437 | - | - | - | 2,442,726 | 1,864,972 | - | 6,253,135 |
| Transfers out | (2,946,648) | (3,661,273) | - | - | - | - | (86,085) | (6,694,006) |
| Total other financing sources and uses | <u>(1,001,211)</u> | <u>(3,661,273)</u> | <u>-</u> | <u>-</u> | <u>2,442,876</u> | <u>1,864,972</u> | <u>(5,965)</u> | <u>(360,601)</u> |
| Net change in fund balances | 1,015,649 | (425,408) | 12,754 | (235,513) | (2,477,742) | 113,194 | 43,075 | (1,953,991) |
| Fund balances - beginning | 3,600,899 | 979,336 | 2,830,860 | 4,147,067 | 774,273 | - | 1,436,872 | 13,769,308 |
| Fund balances - ending | <u>\$ 4,616,548</u> | <u>\$ 553,928</u> | <u>\$ 2,843,614</u> | <u>\$ 3,911,554</u> | <u>\$ (1,703,470)</u> | <u>\$ 113,196</u> | <u>\$ 1,479,947</u> | <u>\$ 11,815,317</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, 2023**

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

| | | |
|--|-----------|-------------------|
| Total fund balance, governmental funds | \$ | 11,815,317 |
| 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. | | 35,650,190 |
| 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. | | (11,234,583) |
| Net Position of Governmental Activities | <u>\$</u> | <u>36,230,924</u> |
| | | |
| Net change in fund balances - total governmental funds: | \$ | (1,953,991) |
| 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 | | 2,036,834 |
| Depreciation expense | | (1,985,931) |
| 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 | | 3,886,630 |
| Proceeds of long-term debt | | (80,270) |
| Change in net position of governmental activities | <u>\$</u> | <u>1,903,273</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, 2023**

BASIC FINANCIAL STATEMENTS – PROPRIETARY-TYPE ENTERPRISE FUNDS

CITY OF DEL CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Proprietary Funds Statement of Net Position (Modified Cash Basis) - June 30, 2023

| | Enterprise Funds |
|---|--|
| | Del City Municipal Services Authority |
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | 2,080,533 |
| Restricted: | |
| Cash and cash equivalents | 689,168 |
| Due from other funds | 198,351 |
| Total current assets | 2,968,052 |
| Non-current assets: | |
| Capital Assets: | |
| Land and construction in progress | 1,019,413 |
| Other capital assets, net of accumulated depreciation | 25,843,146 |
| Total non-current assets | 26,862,559 |
| Total assets | 29,830,611 |
| LIABILITIES | |
| Current Liabilities: | |
| Due to other funds | 425,237 |
| Meter deposit liability | 689,168 |
| Current portion of: | |
| Notes payable | 1,369,441 |
| Total current liabilities | 2,483,846 |
| Non-current liabilities: | |
| Notes payable | 13,481,420 |
| Total non-current liabilities | 13,481,420 |
| Total liabilities | 15,965,266 |
| NET POSITION | |
| Net investment in capital assets | 12,011,698 |
| Unrestricted | 1,853,648 |
| Total net position | \$ 13,865,346 |

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, 2023

Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position (Modified Cash Basis) - Year Ended June 30, 2023

| | Enterprise Funds |
|--|--|
| | Del City Municipal Services Authority |
| REVENUES | |
| Charges for services: | |
| Water | \$ 3,634,497 |
| Sewer | 2,903,876 |
| Sanitation | 2,180,634 |
| Penalties | 463,776 |
| Miscellaneous | 39,839 |
| Total operating revenues | 9,222,622 |
| OPERATING EXPENSES | |
| General government | 366,459 |
| Administration | 1,200,995 |
| Wastewater treatment | 872,913 |
| Water | 1,882,029 |
| Wastewater | 384,831 |
| Sanitation | 1,256,170 |
| Fleet maintenance | 682,660 |
| Depreciation | 1,522,388 |
| Total Operating Expenses | 8,168,445 |
| Operating income | 1,054,177 |
| NON-OPERATING REVENUES (EXPENSES) | |
| Interest expense | (306,272) |
| Miscellaneous revenue | 66,875 |
| Total non-operating revenue (expenses) | (239,397) |
| Income before transfers | 814,780 |
| Transfers in | 1,520,949 |
| Transfers out | (1,080,078) |
| Change in net position | 1,255,651 |
| Total net position - beginning | 12,609,695 |
| Total net position - ending | \$ 13,865,346 |

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, 2023

Proprietary Funds Statement of Cash Flows (Modified Cash Basis) - Year Ended June 30, 2023

| | Enterprise Funds |
|---|--|
| | Del City Municipal Services Authority |
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from customers | \$ 9,289,497 |
| Payments to suppliers | (3,108,048) |
| Payments to employees | (3,538,009) |
| Receipts of customer meter deposits | 185,786 |
| Refunds of customer meter deposits | (164,591) |
| Net cash provided by operating activities | 2,664,635 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Transfers from other funds | 1,520,949 |
| Transfers to other funds | (1,080,078) |
| Net cash provided by noncapital financing activities | 440,871 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Purchases of capital assets | (646,400) |
| Proceeds from debt | - |
| Principal paid on debt | (1,317,629) |
| Interest and fiscal agent fees paid on debt | (306,272) |
| Net cash provided by (used in) capital and related financing activities | (2,270,301) |
| Net increase in cash and cash equivalents | 835,205 |
| Balances - beginning of year | 1,934,497 |
| Balances - end of year | \$ 2,769,702 |
| Reconciliation to Statement of Net Position: | |
| Cash and cash equivalents | \$ 2,080,533 |
| Restricted cash and cash equivalents - current | 689,168 |
| Total cash and cash equivalents, end of year | \$ 2,769,702 |
| Reconciliation of operating income to net cash provided by operating activities: | |
| Operating income | \$ 1,054,177 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation expense | 1,522,388 |
| Miscellaneous revenue | 66,875 |
| Change in assets and liabilities: | |
| Deposits subject to refund | 21,195 |
| Net cash provided by operating activities | \$ 2,664,635 |

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, 2023**

BASIC FINANCIAL STATEMENTS – FIDUCIARY FUNDS

CITY OF DEL CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Fiduciary Fund Statement of Net Position (Modified Cash Basis) – June 30, 2023

| | <u>Custodial Fund</u> |
|--------------------------|------------------------------|
| ASSETS | |
| Cash | \$ 23,965 |
| Total assets | <u>23,965</u> |
| LIABILITIES | |
| Due To Other Governments | <u>23,965</u> |
| Total liabilities | <u>\$ 23,965</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, 2023**

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:

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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, 2023, the City recognized \$147,980 of investment income. Most of the City’s deposits are in demand and short-term time deposits.

At June 30, 2023, the primary government held the following deposits and investments:

| Type | Credit Rating | Carrying Value |
|---|------------------|----------------------|
| Deposits: | | |
| Petty cash | | 2,935 |
| Demand deposits | | 10,177,861 |
| Investments: | | |
| Investment in Judgments | n/a | 116,738 |
| Federated Hermes Govt. Obligations Tax Managed Fund | AAAm | 4,110,987 |
| Total deposits and investments | | \$ 14,408,521 |
| Reconciliation to Statement of Net Position: | | |
| Cash and cash equivalents | | \$ 14,291,783 |
| Investments | | 116,738 |
| | | \$ 14,408,521 |

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.

As of June 30, 2023, the City’s deposits were insured or collateralized and the City was not exposed to Custody Credit Risk.

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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, 2023, 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, 2023, the City's investments consisted of judgments of \$116,738 and \$4,110,987 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, 2023, 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, 2023 are as follows:

| | Current |
|--|------------------------------|
| | Cash and cash equivalents |
| Government Activities: | |
| Series 2019 Construction Account | \$ 3,312,726 |
| Series 2019 Principal and Interest Account | 409,159 |
| Series 2016 Principal and Interest Account | 389,102 |
| Sub-total Governmental Activities | 4,110,987 |
| Business-type Activities: | |
| Utility Deposits | 689,168 |
| Total | \$ 4,800,155 |

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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, 2023, capital assets balances changed as follows:

| | Balance at July 1, 2022 | Additions | Transfers | Expensed | Disposals | Balance at June 30, 2023 |
|---|----------------------------|---------------------|-------------|-------------|--------------------|-----------------------------|
| Governmental activities: | | | | | | |
| Non-depreciable: | | | | | | |
| Land | \$ 2,203,730 | \$ 778,618 | \$ - | \$ - | \$ (11,120) | \$ 2,971,228 |
| Construction in progress | 15,000 | 45,490 | - | - | - | 60,490 |
| Total non-depreciable assets at historical cost | <u>2,218,730</u> | <u>824,108</u> | <u>-</u> | <u>-</u> | <u>(11,120)</u> | <u>3,031,718</u> |
| Depreciable: | | | | | | |
| Buildings | 16,769,661 | 195,679 | - | - | - | 16,965,340 |
| Infrastructure | 31,213,684 | 723,949 | - | - | - | 31,937,633 |
| Machinery and Equipment | 10,046,018 | 304,218 | - | - | - | 10,350,236 |
| Total depreciable assets at historical cost | <u>58,029,363</u> | <u>1,223,846</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>59,253,209</u> |
| Less accumulated depreciation for: | | | | | | |
| Buildings | 3,678,588 | 489,444 | - | - | - | 4,168,032 |
| Infrastructure | 5,424,086 | 791,997 | - | - | - | 6,216,083 |
| Machinery and Equipment | 15,546,133 | 704,490 | - | - | - | 16,250,623 |
| Total accumulated depreciation | <u>24,648,807</u> | <u>1,985,931</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>26,634,738</u> |
| Net Depreciable Assets | <u>33,380,556</u> | <u>(762,085)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>32,618,471</u> |
| Governmental activities capital assets, net | <u>\$ 35,599,286</u> | <u>\$ 62,023</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (11,120)</u> | <u>\$ 35,650,189</u> |
| Business-type activities: | | | | | | |
| Non-depreciable: | | | | | | |
| Land | \$ 983,781 | \$ 37,732 | \$ - | \$ - | \$ (2,100) | \$ 1,019,413 |
| Construction in progress | - | - | - | - | - | - |
| Total non-depreciable assets at historical cost | <u>983,781</u> | <u>37,732</u> | <u>-</u> | <u>-</u> | <u>(2,100)</u> | <u>1,019,413</u> |
| Depreciable: | | | | | | |
| Buildings | 24,759,818 | - | - | - | - | 24,759,818 |
| Machinery and Equipment | 10,093,788 | 610,768 | - | - | - | 10,704,556 |
| Infrastructure | 16,160,878 | - | - | - | - | 16,160,878 |
| Total depreciable assets at historical cost | <u>51,014,484</u> | <u>610,768</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>51,625,252</u> |
| Less accumulated depreciation for: | | | | | | |
| Buildings | 5,643,569 | 846,124 | - | - | - | 6,489,693 |
| Machinery and Equipment | 8,679,599 | 336,095 | - | - | - | 9,015,694 |
| Infrastructure | 9,936,551 | 340,168 | - | - | - | 10,276,719 |
| Total accumulated depreciation | <u>24,259,719</u> | <u>1,522,387</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>25,782,106</u> |
| Net Depreciable Assets | <u>26,754,765</u> | <u>(911,619)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>25,843,146</u> |
| Business-type activities capital assets, net | <u>\$ 27,738,546</u> | <u>\$ (873,887)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (2,100)</u> | <u>\$ 26,862,559</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 | 368,897 |
| Public safety | 800,458 |
| Streets | 580,185 |
| Drainage | 36,593 |
| Community services | 128,720 |
| Culture and recreation | 71,078 |
| | <u>\$ 1,985,931</u> |

Business-Type Activities:

| | |
|--------------------|---------------------|
| Water | 1,153,095 |
| Sewer | 181,611 |
| Sanitation | 170,387 |
| General government | 17,294 |
| | <u>\$ 1,522,387</u> |

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5. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2023, the City reporting entity's long-term debt changed as follows:

| <u>Type of Debt</u> | <u>Balance</u> | | | <u>Balance</u> | |
|---|----------------------|------------------|---------------------|----------------------|----------------------------|
| | <u>July 01, 2022</u> | <u>Additions</u> | <u>Deductions</u> | <u>June 30, 2023</u> | <u>Due Within One Year</u> |
| Governmental: | | | | | |
| General Obligation Bonds - Series 2011A | \$ 1,110,000 | \$ - | \$ 210,000 | \$ 900,000 | \$ 210,000 |
| General Obligation Bonds - Series 2011B | 1,110,000 | - | 210,000 | 900,000 | 210,000 |
| Judgments Payable | 59,572 | 80,120 | 22,955 | 116,737 | 49,660 |
| Notes Payable: | | | | | |
| DCEDA Line of Credit | 4,246,371 | 150 | 2,083,675 | 2,162,846 | 240,000 |
| DCEDA 2019 Sales Tax Revenue Note | 8,515,000 | - | 1,360,000 | 7,155,000 | 1,400,000 |
| Total Governmental | <u>\$ 15,040,943</u> | <u>\$ 80,270</u> | <u>\$ 3,886,630</u> | <u>\$ 11,234,583</u> | <u>\$ 2,109,660</u> |
| Business-Type: | | | | | |
| Del City MSA | | | | | |
| Notes Payable | \$ 16,062,005 | \$ - | \$ 1,291,813 | \$ 14,770,192 | \$ 1,344,356 |
| Contract Payable | 106,482 | - | 25,813 | 80,669 | 25,085 |
| Total Business-Type | <u>\$ 16,168,487</u> | <u>\$ -</u> | <u>\$ 1,317,626</u> | <u>\$ 14,850,861</u> | <u>\$ 1,369,441</u> |
| Total Long-Term Debt | <u>\$ 31,209,430</u> | <u>\$ 80,270</u> | <u>\$ 5,204,256</u> | <u>\$ 26,085,444</u> | <u>\$ 3,479,101</u> |

Reconciliation to Statement of Net Position:

Governmental Activities:

| | |
|---|----------------------|
| Due within one year | \$ 2,109,660 |
| Due in more than one year | 9,124,923 |
| Total Governmental Activities Long-term liabilities | <u>\$ 11,234,583</u> |

Business-Type Activities:

| | |
|--|----------------------|
| Due within one year | \$ 1,369,441 |
| Due in more than one year | 13,481,420 |
| Total Business-Type Activities Long-term liabilities | <u>\$ 14,850,861</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.

\$ 900,000

\$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.

900,000

Total General Obligation Bonds Payable

\$ 1,800,000

| | |
|--------------------|---------------------|
| Current portion | \$ 420,000 |
| Noncurrent portion | 1,380,000 |
| Total | <u>\$ 1,800,000</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.

\$ 7,155,000

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 6/10/24, 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.

2,162,846

Total Notes Payable from Direct Borrowings

\$ 9,317,846

| | |
|--------------------|---------------------|
| Current portion | \$ 1,640,000 |
| Noncurrent portion | <u>7,677,846</u> |
| Total | <u>\$ 9,317,846</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.

\$ 80,669

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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.

748,390

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.

326,564

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.

13,695,238

Total Notes Payable from Direct Borrowings and Direct Placements

14,850,861

| | |
|---------------------|----------------------|
| Current portion | \$ 1,369,441 |
| Noncurrent portion | 13,481,420 |
| Total Notes Payable | <u>\$ 14,850,861</u> |

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

| <u>Year Ending June 30,</u> | Governmental-Type Activities | | | | Business-Type Activities | |
|-----------------------------|------------------------------|-------------------|-----------------------------------|---------------------|---|---------------------|
| | Bonds Payable | | Notes Payable (Direct Borrowings) | | Notes and Contracts Payable (Direct Borrowings) | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2024 | 420,000 | 45,900 | 1,689,660 | 319,325 | 1,369,441 | 282,509 |
| 2025 | 420,000 | 37,260 | 2,589,923 | 273,276 | 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 | 1,435,685 | 199,344 |
| 2028 | - | 16,740 | 660,000 | 116,749 | 1,459,507 | 171,397 |
| 2029-2033 | - | - | 3,235,000 | 261,904 | 7,606,433 | 413,072 |
| 2034-2038 | - | - | - | - | 155,272 | - |
| Totals | <u>\$ 1,800,000</u> | <u>\$ 143,460</u> | <u>\$ 9,434,583</u> | <u>\$ 1,264,692</u> | <u>\$ 14,850,861</u> | <u>\$ 1,548,838</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:

| | Major Special Revenue Funds | | | | | | Other Governmental Funds | TOTAL |
|---|-----------------------------|---------------------------|----------------------|--------------------------|----------------------------------|-------------------|--------------------------|----------------------|
| | General Fund | Limited Purpose Sales Tax | Economic Development | Neighborhood Enhancement | Del City Economic Dev. Authority | Public Safety | | |
| Fund Balances: | | | | | | | | |
| Restricted for: | | | | | | | | |
| Capital projects | \$ - | \$ - | \$ - | \$ - | \$ 3,312,726 | \$ - | \$ 626,517 | \$ 3,939,243 |
| Debt service | - | - | - | - | 409,159 | - | 566,964 | 976,123 |
| Limited sales tax purposes | - | 553,928 | - | - | - | - | - | 553,928 |
| Economic Development | - | - | 2,843,614 | - | - | - | - | 2,843,614 |
| Neighborhood enhancement | - | - | - | 3,911,554 | - | - | - | 3,911,554 |
| CDBG | - | - | - | - | - | - | 200 | 200 |
| Economic and retail development, beautification and recreation purposes | - | - | - | - | - | - | 256,954 | 256,954 |
| Police training | - | - | - | - | - | 113,196 | 938 | 114,134 |
| Labor relations | - | - | - | - | - | - | 28,174 | 28,174 |
| Police grant | - | - | - | - | - | - | 200 | 200 |
| Sub-total Restricted | - | 553,928 | 2,843,614 | 3,911,554 | 3,721,885 | 113,196 | 1,479,947 | 12,624,124 |
| Assigned to: | | | | | | | | |
| Employee benefits | 38,409 | - | - | - | - | - | - | 38,409 |
| Use of fund balance for subsequent budget | 3,120,050 | - | - | - | - | - | - | 3,120,050 |
| Sub-total Assigned | 3,158,459 | - | - | - | - | - | - | 3,158,459 |
| Unassigned (deficit) | 1,458,089 | | | | (5,425,354) | - | - | (3,967,265) |
| TOTAL FUND BALANCES | \$ 4,616,548 | \$ 553,928 | \$ 2,843,614 | \$ 3,911,554 | \$ (1,703,469) | \$ 113,196 | \$ 1,479,947 | \$ 11,815,318 |

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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 govt | 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 \$19,780,000 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 \$15,569,040. Total pledged net water/wastewater revenues for the year was \$3,398,600. Debt service payments of \$1,497,228 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 \$19,780,000 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 \$15,209,490. Total pledged sales tax for the year was \$2,670,984. Debt service payments of \$1,446,848 for the current fiscal year were 54% 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, 2023, the City’s net assessed valuation of taxable property was \$122,765,525. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2023 was \$4.11.

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, 2023 were as follows:

| <u>Due From</u> | <u>Due To</u> | <u>Amount</u> | <u>Nature of Balance</u> |
|---------------------------|---------------------------|---------------------|--|
| DCMSA | General Fund | 200 | Prior year |
| DCMSA | General Fund | 198,351 | Prior year |
| Debt Service | DCMSA | 45,000 | Prior year |
| DCEDA | General Fund | 542,200 | Prior year |
| DCEDA | Economic Development | 1,638,944 | Prior year |
| Neighborhood Enhancement | Limited Purpose Sales Tax | 948,329 | Prior year |
| DCEDA | Economic Development | 2,017,693 | TIF note principal and interest paymen |
| Limited Purpose Sales Tax | Hotel/Motel | 846,901 | Prior year |
| Limited Purpose Sales Tax | DCMSA | 380,237 | Prior year |
| DCEDA | General Fund | 379,617 | To cover negative cash |
| Economic Development Fund | General Fund | 813,023 | To cover negative cash |
| Limited Purpose Sales Tax | General Fund | 113,983 | To cover negative cash |
| Total | | <u>\$ 7,924,478</u> | |

Reconciliation to Fund Financial Statements:

| | <u>Due From</u> | <u>Due To</u> | <u>Net Internal Balances</u> |
|--------------------|---------------------|-----------------------|------------------------------|
| Governmental Funds | \$ 7,726,127 | \$ (7,499,241) | \$ 226,886 |
| Proprietary Funds | 198,351 | (425,237) | (226,886) |
| Total | <u>\$ 7,924,478</u> | <u>\$ (7,924,478)</u> | <u>\$ -</u> |

Balances:

Interfund receivable and payables at June 30, 2023 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 | 200 | Prior year |
| DCMSA | General Fund | 198,351 | Prior year |
| Debt Service | DCMSA | 45,000 | Prior year |
| DCEDA | General Fund | 542,200 | Prior year |
| DCEDA | Economic Development | 1,638,944 | Prior year |
| Neighborhood Enhancement | Limited Purpose Sales Tax | 948,329 | Prior year |
| DCEDA | Economic Development | 2,017,693 | TIF note principal and interest paymen |
| Limited Purpose Sales Tax | Hotel/Motel | 846,901 | Prior year |
| Limited Purpose Sales Tax | DCMSA | 380,237 | Prior year |
| DCEDA | General Fund | 379,617 | To cover negative cash |
| Economic Development Fund | General Fund | 813,023 | To cover negative cash |
| Limited Purpose Sales Tax | General Fund | 113,983 | To cover negative cash |
| Total | | <u>\$ 7,924,478</u> | |

Reconciliation to Fund Financial Statements:

| | <u>Due From</u> | <u>Due To</u> | <u>Net Internal Balances</u> |
|--------------------|---------------------|-----------------------|------------------------------|
| Governmental Funds | \$ 7,726,127 | \$ (7,499,241) | \$ 226,886 |
| Proprietary Funds | 198,351 | (425,237) | (226,886) |
| Total | <u>\$ 7,924,478</u> | <u>\$ (7,924,478)</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.

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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.

The OFPRS contributions are as follows:

| <u>Fiscal Year</u> | <u>Required Contribution</u> | <u>Amount Contributed</u> |
|--------------------|----------------------------------|-------------------------------|
| 2021 | \$374,547 | \$374,547 |
| 2022 | 375,550 | 375,550 |
| 2023 | 250,679 | 250,679 |

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> |
|--------------------|----------------------------------|-------------------------------|
| 2021 | \$319,632 | \$319,632 |
| 2022 | 319,062 | 319,062 |
| 2023 | 320,254 | 320,254 |

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 state Firefighter Pension System and the state Police 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, 2023, the City's employer contribution to the plan was \$911,307 which was 17.34% 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 |
| 2023 | 1,079,226 | 911,307 |

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, 2023, is summarized as follows:

- General Fund and DCMSA Enterprise Fund – accrued compensated absences \$2,671,577.

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 2023, 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.

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OTHER SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedule – General Fund (Budgetary Basis) – Year Ended June 30, 2023

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with</u> |
|--|-------------------------|-------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget -</u> <u>Positive (Negative)</u> |
| Beginning Budgetary Fund Balance | \$ 5,242,202 | \$ 5,267,793 | \$ 4,112,646 | \$ (1,155,147) |
| Resources (Inflows): | | | | |
| Taxes | 8,498,135 | 8,498,135 | 9,192,141 | 694,006 |
| Intergovernmental | 2,338,636 | 4,399,489 | 2,462,545 | (1,936,944) |
| Charges for services | 408,860 | 413,587 | 403,946 | (9,641) |
| Fines and forfeitures | 800,000 | 800,000 | 517,427 | (282,573) |
| Licenses and permits | 215,929 | 215,929 | 295,780 | 79,851 |
| Investment income | 9,000 | 9,000 | 26,049 | 17,049 |
| Miscellaneous | 284,900 | 1,054,469 | 958,357 | (96,112) |
| Use of Money and Property | 140,500 | 140,500 | 160,382 | 19,882 |
| Transfers in | 1,955,473 | 1,955,473 | 1,654,231 | (301,242) |
| Total resources (Inflows) | <u>14,651,433</u> | <u>17,486,582</u> | <u>15,670,858</u> | <u>(1,815,724)</u> |
| Amounts available for appropriation | <u>19,893,635</u> | <u>22,754,375</u> | <u>19,783,504</u> | <u>(2,970,871)</u> |
| Charges to Appropriations (Outflows): | | | | |
| City Management | 279,714 | 284,585 | 253,811 | 30,774 |
| Municipal Court | 355,150 | 340,150 | 279,436 | 60,714 |
| City Attorney | 472,291 | 437,601 | 342,851 | 94,750 |
| Human Resources | 528,309 | 528,309 | 432,708 | 95,601 |
| City Clerk | 577,563 | 577,563 | 561,572 | 15,991 |
| Community Services | 789,699 | 686,352 | 743,644 | (57,292) |
| Recreation | 280,007 | 281,067 | 232,596 | 48,471 |
| Eagle Harbor Aquatic | 110,822 | 130,322 | 101,634 | 28,688 |
| Street and Alley | 744,867 | 724,867 | 689,480 | 35,387 |
| Park Maintenance | 291,555 | 196,555 | 104,285 | 92,270 |
| Fire | 2,911,270 | 2,954,134 | 2,667,013 | 287,121 |
| Police | 3,814,040 | 3,983,285 | 3,620,675 | 362,610 |
| General Government | 3,436,891 | 6,223,426 | 1,731,905 | 4,491,521 |
| Drainage | 240,000 | 192,800 | 32,397 | 160,403 |
| Appropriated Reserves | 871,457 | 1,023,519 | - | 1,023,519 |
| Transfers Out | 4,190,000 | 4,190,000 | 2,946,648 | 1,243,352 |
| Total Charges to Appropriations | <u>19,893,635</u> | <u>22,754,535</u> | <u>14,740,655</u> | <u>8,013,880</u> |
| Ending Budgetary Fund Balance | <u>\$ -</u> | <u>\$ (160)</u> | <u>\$ 5,042,849</u> | <u>\$ 5,043,009</u> |

Footnotes to Budgetary Comparison Schedule:

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

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| | |
|---|----------------------|
| Total Resources (Inflows) Per Budgetary Comparison Schedule | \$ 15,670,858 |
| Worker's Compensation fund transfers in | 291,556 |
| Worker's Compensation revenues | 4,042 |
| Adjusted Total Resources | <u>15,966,456</u> |
| Total Resources (Inflows) Per Statement of Revenues, Expenditures and Changes in Fund Balance: | |
| Total Revenues | 14,021,019 |
| Transfer In | 1,945,437 |
| Total Resources (Inflows) Per Statement of Revenues, Expenditures | <u>15,966,456</u> |
| | |
| Charges to Appropriations (Outflows) Per Budgetary Comparison Schedule: | 14,740,655 |
| Worker's Compensation fund expenditures | 210,152 |
| Adjusted Total Charges to Appropriations | <u>14,950,807</u> |
| Total Expenditures and Transfers Per Statement of Revenues, Expenditures | |
| Total Expenditures | 12,004,159 |
| Transfers Out | 2,946,648 |
| | <u>\$ 14,950,807</u> |

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Combining Balance Sheet – Nonmajor Governmental Funds (Modified Cash Basis) – June 30, 2023

| | 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 | \$ 200 | \$ 256,954 | \$ 938 | \$ 28,174 | \$ 200 | \$ 521,964 | \$ 626,517 | \$ 1,434,947 |
| Due from other funds | - | - | - | - | - | 45,000 | - | 45,000 |
| Total assets | <u>200</u> | <u>256,954</u> | <u>938</u> | <u>28,174</u> | <u>200</u> | <u>566,964</u> | <u>626,517</u> | <u>1,479,947</u> |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Due to other funds | - | - | - | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES: | | | | | | | | |
| Restricted | 200 | 256,954 | 938 | 28,174 | 200 | 566,964 | 626,517 | 1,479,947 |
| Assigned | - | - | - | - | - | - | - | - |
| Total fund balances | <u>200</u> | <u>256,954</u> | <u>938</u> | <u>28,174</u> | <u>200</u> | <u>566,964</u> | <u>626,517</u> | <u>1,479,947</u> |
| Total liabilities and fund balances | <u>\$ 200</u> | <u>\$ 256,954</u> | <u>\$ 938</u> | <u>\$ 28,174</u> | <u>\$ 200</u> | <u>\$ 566,964</u> | <u>\$ 626,517</u> | <u>\$ 1,479,947</u> |

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds (Modified Cash Basis) – For the Year Ended June 30, 2023

| | 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 | \$ - | \$ 200,162 | \$ - | \$ - | \$ - | \$ 499,268 | \$ - | \$ 699,430 |
| Miscellaneous | - | - | 20,145 | 5,373 | - | - | - | 25,518 |
| Total revenues | <u>-</u> | <u>200,162</u> | <u>20,145</u> | <u>5,373</u> | <u>-</u> | <u>499,268</u> | <u>-</u> | <u>724,948</u> |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| General government | - | - | - | - | - | 80,120 | - | 80,120 |
| Public Safety | - | - | 32,980 | - | - | - | - | 32,980 |
| Economic development | - | 25,651 | - | - | - | - | - | 25,651 |
| Debt Service: | | | | | | | | |
| Principal | - | - | - | - | - | 442,954 | - | 442,954 |
| Interest | - | - | - | - | - | 62,708 | - | 62,708 |
| Capital Outlay | - | 31,495 | - | - | - | - | - | 31,495 |
| Total Expenditures | <u>-</u> | <u>57,146</u> | <u>32,980</u> | <u>-</u> | <u>-</u> | <u>585,782</u> | <u>-</u> | <u>675,908</u> |
| Excess (deficiency) of revenues over expenditures | <u>-</u> | <u>143,016</u> | <u>(12,835)</u> | <u>5,373</u> | <u>-</u> | <u>(86,514)</u> | <u>-</u> | <u>49,040</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Proceeds from long-term debt | - | - | - | - | - | 80,120 | - | 80,120 |
| Transfers out | (7,970) | (78,115) | - | - | - | - | - | (86,085) |
| Total other financing sources and uses | <u>(7,970)</u> | <u>(78,115)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>80,120</u> | <u>-</u> | <u>(5,965)</u> |
| Net change in fund balances | (7,970) | 64,901 | (12,835) | 5,373 | - | (6,394) | - | 43,075 |
| Fund balances - beginning | 8,170 | 192,053 | 13,773 | 22,801 | 200 | 573,358 | 626,517 | 1,436,872 |
| Fund balances - ending | <u>\$ 200</u> | <u>\$ 256,954</u> | <u>\$ 938</u> | <u>\$ 28,174</u> | <u>\$ 200</u> | <u>\$ 566,964</u> | <u>\$ 626,517</u> | <u>\$ 1,479,947</u> |

CITY OF DEL CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Combining Balance Sheet – General Fund Accounts (Modified Cash Basis) – For the Year Ended June 30, 2023

| | <u>General Fund</u> | <u>Employee Benefit</u> | <u>Worker's Compensation</u> | <u>Total General Fund</u> |
|--------------------------------------|---------------------|-----------------------------|----------------------------------|-------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 2,781,241 | \$ 88,798 | \$ 29,688 | \$ 2,899,727 |
| Investments | - | - | 116,738 | 116,738 |
| Due from other funds | 1,849,023 | - | - | 1,849,023 |
| Total assets | <u>\$ 4,630,264</u> | <u>\$ 88,798</u> | <u>\$ 146,426</u> | <u>\$ 4,865,488</u> |
| | | | | |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Due to other funds | \$ 198,551 | \$ - | \$ - | \$ 198,551 |
| Other payables | - | 50,389 | - | 50,389 |
| Total liabilities | <u>198,551</u> | <u>50,389</u> | <u>-</u> | <u>248,940</u> |
| | | | | |
| Fund balances: | | | | |
| Assigned | 3,120,050 | 38,409 | - | 3,158,459 |
| Unassigned | 1,311,663 | - | 146,426 | 1,458,089 |
| Total fund balances | <u>4,431,713</u> | <u>38,409</u> | <u>146,426</u> | <u>4,616,548</u> |
| Total liabilities and fund balances | <u>\$ 4,630,264</u> | <u>\$ 88,798</u> | <u>\$ 146,426</u> | <u>\$ 4,865,488</u> |

CITY OF DEL CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund
Accounts (Modified Cash Basis) – For the Year Ended June 30, 2023

| | <u>General Fund</u> | <u>Employee Benefit</u> | <u>Worker's Compensation</u> | <u>Total General Fund</u> |
|---|---------------------|-----------------------------|----------------------------------|-------------------------------|
| REVENUES | | | | |
| Taxes | \$ 9,283,441 | \$ - | \$ - | \$ 9,283,441 |
| Intergovernmental | 2,363,140 | - | - | 2,363,140 |
| Charges for services | 241,729 | - | - | 241,729 |
| Fees and fines | 525,279 | - | - | 525,279 |
| Licenses and permits | 281,992 | - | - | 281,992 |
| Investment earnings | 26,049 | - | 4,042 | 30,091 |
| Miscellaneous | 1,295,347 | - | - | 1,295,347 |
| Total revenues | <u>14,016,977</u> | <u>-</u> | <u>4,042</u> | <u>14,021,019</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 3,302,227 | - | - | 3,302,227 |
| Administration | - | - | 210,152 | 210,152 |
| Municipal court | 279,436 | - | - | 279,436 |
| Community services | 813,258 | - | - | 813,258 |
| Public safety | 6,121,909 | - | - | 6,121,909 |
| Street and alley | 680,736 | - | - | 680,736 |
| Drainage | 20,797 | - | - | 20,797 |
| Culture and recreation | 327,659 | - | - | 327,659 |
| Capital Outlay | 247,985 | - | - | 247,985 |
| Total Expenditures | <u>11,794,007</u> | <u>-</u> | <u>210,152</u> | <u>12,004,159</u> |
| Excess (deficiency) of revenues over expenditures | <u>2,222,970</u> | <u>-</u> | <u>(206,110)</u> | <u>2,016,860</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,653,881 | - | 291,556 | 1,945,437 |
| Transfers out | <u>(2,946,648)</u> | <u>-</u> | <u>-</u> | <u>(2,946,648)</u> |
| Total other financing sources and uses | <u>(1,292,767)</u> | <u>-</u> | <u>291,556</u> | <u>(1,001,211)</u> |
| Net change in fund balances | 930,203 | - | 85,446 | 1,015,649 |
| Fund balances - beginning | <u>3,501,510</u> | <u>38,409</u> | <u>60,980</u> | <u>3,600,899</u> |
| Fund balances - ending | <u>\$ 4,431,713</u> | <u>\$ 38,409</u> | <u>\$ 146,426</u> | <u>\$ 4,616,548</u> |

**CITY OF DEL CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

Schedule of Federal Awards Expended (Modified Cash Basis)– Year Ended June 30, 2023

| 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 PPE Grant | 21.019 | Okla. CARES PPE | \$ 13,888 | \$ 11,906 |
| ARPA Grant | 21.027 | ARPA FY22 | 3,810,091 | 1,342,478 |
| Total AL 21.019 | | | <u>\$ 3,823,979</u> | <u>\$ 1,354,384</u> |
| <u>U.S. DEPARTMENT OF TRANSPORTATION:</u> | | | | |
| Oklahoma Highway Safety Office FY23 | 20.600 | PT-23-03-11-08 | \$ 21,551 | \$ 11,655 |
| Oklahoma Highway Safety Office FY22 | 20.600 | PT-22-03-10-07 | 19,916 | 11,415 |
| Total AL 20.600 | | | <u>\$ 41,467</u> | <u>\$ 23,070</u> |
| <u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u> | | | | |
| Oklahoma Department of Emergency Management SAFER Grant 2018 | 97.083 | EMW-2018-FH-00075 | 229,796 | 27,335 |
| Total AL 97.083 | | | <u>\$ 229,796</u> | <u>\$ 27,335</u> |
| <u>FEMA</u> | | | | |
| FEMA Ice Storm Debris Removal | 97.036 | 4575DR-OK | 146,246 | 146,246 |
| Total AL 97.036 | | P#1720411 PW# 137 | <u>\$ 146,246</u> | <u>\$ 146,246</u> |
| <u>U.S. DEPARTMENT OF JUSTICE</u> | | | | |
| City of Oklahoma City JAG grant | 16.738 | 2021-O-BJA-2022-171344 | 11,395 | 11,395 |
| City of Oklahoma City JAG grant | 16.738 | 15PBJA-21-GG-01750-JAGX | 10,215 | 10,215 |
| Total AL 16.738 | | | <u>\$ 21,610</u> | <u>\$ 21,610</u> |
| <u>U.S. HOUSING AND URBAN DEVELOPMENT</u> | | | | |
| CDBG - CARES Act (Eagle Lake Walking Trails) | 14.228 | 18515 CDBG-CR20 | \$ 919,193 | \$ - |
| CDBG - CV | 14.228 | 18113 CDBG-CR20 | 12,068 | 11,394 |
| Total AL 14.228 | | | <u>\$ 931,261</u> | <u>\$ 11,394</u> |
| TOTAL FEDERAL AWARDS | | | <u>\$ 5,194,359</u> | <u>\$ 1,584,039</u> |

Footnotes to Federal Awards Schedules:

1. 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.

**CITY OF DEL CITY, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023**

Schedule of State Awards (Modified Cash Basis) – Year Ended June 30, 2023

| 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 Ice Storm Debris Removal | | | <u>\$ 47,717</u> | <u>\$ 47,717</u> |
| TOTAL STATE AWARDS | | | <u>\$ 47,717</u> | <u>\$ 47,717</u> |

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

June 30, 2023

CITY OF DEL CITY, OKLAHOMA

June 30, 2023

PAGE

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 |
|---|---|

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 25, 2024. 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.

Arlidge & Associates PC.

Edmond, Oklahoma
March 25, 2024





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, 2023. 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, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of 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, each major fund, and the aggregate remaining fund information of City as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City's basic financial statements. We issued our report thereon dated March 25, 2024, 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

March 25, 2024



DEL CITY, CITY OF
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

| <i>Award Information</i> | <i>AL/other #</i> | <i>Pass-Through Entity Name</i> | <i>Pass-Through Entity #</i> | <i>Federal Expenditures (\$)</i> |
|---|-------------------|--|------------------------------|----------------------------------|
| Highway Safety Cluster-Cluster | | | | |
| Department of Transportation | | | | |
| State and Community Highway Safety | | | | |
| State and Community Highway Safety | 20.600 | Oklahoma Highway Safety Office | PT-23-03-11-08 | 11,655 |
| State and Community Highway Safety | 20.600 | Oklahoma Highway Safety Office | PT-22-10-07 | 11,415 |
| Total State and Community Highway Safety | | | | <u>23,070</u> |
| <i>Total Department of Transportation</i> | | | | <u>23,070</u> |
| Total Highway Safety Cluster-Cluster | | | | <u>23,070</u> |
| Other Programs (Treated individually for major program determination) | | | | |
| Department of Housing and Urban Development | | | | |
| Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii | | | | |
| Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii | 14.228 | | 18113 CDBG-CR20 | 11,394 |
| Total Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii | | | | <u>11,394</u> |
| <i>Total Department of Housing and Urban Development</i> | | | | <u>11,394</u> |
| United States Department of Justice | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | City of Oklahoma City | 15PBJA-21-GG-01750-JAGX | 10,215 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | City of Oklahoma City | 2021-O-BJA-2022-171344 | 11,395 |
| Total Edward Byrne Memorial Justice Assistance Grant Program | | | | <u>21,610</u> |
| <i>Total United States Department of Justice</i> | | | | <u>21,610</u> |
| Department of the Treasury | | | | |
| Coronavirus Relief Fund | | | | |
| Coronavirus Relief Fund | 21.019 | Oklahoma Dept. Emergency Management | Oklahoma CARES PPE | 11,906 |
| Total Coronavirus Relief Fund | | | | <u>11,906</u> |
| CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS | | | | |
| CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS | 21.027 | Office of Management and Enterprise Services | ARPA FY 22 | 1,342,478 |
| Total CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS | | | | <u>1,342,478</u> |
| <i>Total Department of the Treasury</i> | | | | <u>1,354,384</u> |
| Department of Homeland Security | | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | | | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | Oklahoma Department of Emergency Management | 4575DR-OK P#1720411 PW# 137 | 146,246 |
| Total Disaster Grants - Public Assistance (Presidentially Declared Disasters) | | | | 146,246 |
| Staffing for Adequate Fire and Emergency Response (SAFER) | | | | |
| Staffing for Adequate Fire and Emergency Response (SAFER) | 97.083 | Oklahoma Department of Emergency Management | EMW-2018-FH-00075 | 27,335 |
| Total Staffing for Adequate Fire and Emergency Response (SAFER) | | | | <u>27,335</u> |
| <i>Total Department of Homeland Security</i> | | | | <u>173,581</u> |
| Total Other Programs (Treated individually for major program determination) | | | | <u>1,560,969</u> |
| Total Expenditures of Federal Awards | | | | <u>\$ 1,584,039</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, 2023

NOTE A—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2023. The information in this SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the modified 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, 2023, 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, 2023, through the report date, which is 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, 2023

Section I--Summary of Auditor's Results

Financial statements

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

Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal control over major federal programs:

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

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes no

Identification of major federal programs:

| <u>Program</u> | <u>Federal AL Number</u> |
|---|--------------------------|
| Coronavirus State and Local Fiscal Recovery Funds | 21.027 |

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

\$750,000

Auditee qualified as low-risk auditee?

yes no

CITY OF DEL CITY, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS--Continued

June 30, 2023

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, 2023

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.