

**CITY OF ELK CITY, OKLAHOMA
ELK CITY, OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS
AND ACCOMPANYING
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2023**

The City of Elk City, Oklahoma
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Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Elk City, Oklahoma

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Elk City, Oklahoma'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 of Elk City, Oklahoma's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

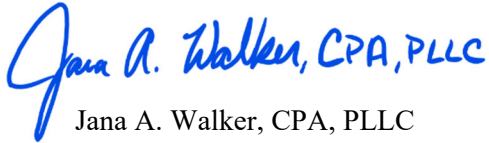
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and net pension schedules on pages 4–11 and 39–42 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Elk City, Oklahoma's basic financial statements. The accompanying combining nonmajor fund financial statements 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 nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2024, on our consideration of the City of Elk City, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Elk City, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Elk City, Oklahoma's internal control over financial reporting and compliance.



Jana A. Walker, CPA, PLLC
Woodward, Oklahoma
June 25, 2024

Within this section, the City of Elk City's ("City") management provides narrative discussion and analysis of the financial performance of the City's for the fiscal year ended June 30, 2023. The City's performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. This discussion focuses on the City's primary government, and unless otherwise noted, component units reported separately from the primary government are not included. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL SUMMARY

- At June 30, 2023, the assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$132,685,901 (net position). This compared to the previous year when assets exceeded liabilities by \$129,293,925 prior to adjustment for depreciation and debt.
- The City's total net position is comprised of the following:
 - (1) Net investment in capital assets of \$95,935,266 includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase of construction of capital assets.
 - (2) Restricted net position of \$27,535,755 accounts for assets restricted for debt service and capital construction in accordance with debt offerings.
 - (3) Unrestricted net position of \$8,214,880 represent the portion available to maintain the City's continuing obligations to citizens and creditors compared to \$11,088,699 in prior year, prior to prior period adjustment.
- The City's governmental funds on the Statement of Revenues, Expenses and Changes in Fund Balances in Governmental Funds reported total ending fund balance of \$32,730,617. This compared to prior year ending fund balance of \$33,180,846 prior to prior period adjustment.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The City also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The City's annual reporting includes two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall status and are presented to demonstrate the extent the City has met its operating objective efficiently and effectively using all the resources available and whether the City can continue to meet its objectives in the foreseeable future. Financial reporting at this level uses a perspective like that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Position*. This is the City-wide statement of financial position presenting information that includes all the City's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indication of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall economic health of the City would extend to other financial factors such as diversification of the taxpayer base or the condition of the City infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City's net position changed during the current fiscal year and can be used to assess the City's operating results in its entirety and analyze how the City's programs are financed. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinctively report governmental activities of the City that are principally supported by taxes and intergovernmental revenues, such as grants, and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government; public safety and judiciary; transportation; and cultural, parks, and recreation. Business-types activities include utility services, including water and sanitation, provided by the City as well as the operation of the rock yard.

The City's financial reporting entity includes the funds of the City (primary government) and organization for which the City is accountable (component units). More comprehensive information about the City's component units can be found in footnotes.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole.

The City has three kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is different with fund statements reporting short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statement is included in the basic financial statement for governmental funds deemed as major. This statement demonstrates compliance with the City's adopted and final revised budget.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City has one type of proprietary fund, enterprise funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the City organization such as water and sanitation utilities and sales of rock and airplane fuel.

Proprietary fund statements and statements for discretely presented component units (reporting similarly to proprietary funds) provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail.

Fiduciary funds such as the meter deposits and police bonds are reported in the fiduciary fund financial statements but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund City programs. Fiduciary fund financial statements report similarly to proprietary funds.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. Those notes to the financial statement begin immediately following the basic financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information detailing the combining statements of non-major governmental funds.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position

The City's combined net position at June 30, 2023 was \$132,858,444. The City reported positive balances in total net position for both governmental and business-type activities, reporting \$65 million and \$68 million, respectively. The City's overall financial position improved during the fiscal year 2023.

	Summary of Net Position (in thousands)							
	Governmental Activities		Business-Type Activities		Total		Change	
	2023	2022	2023	2022	2023	2022	\$	%
Current assets	\$ 36,768	\$ 38,431	\$ 8,977	\$ 17,948	\$ 45,745	\$ 56,379	\$ (10,634)	-19%
Non-current assets	334	-	178	-	512	-	512	100%
Capital assets, net	34,854	35,150	83,200	73,808	118,054	108,958	9,096	8%
Total assets	71,956	73,581	92,355	91,756	164,311	165,337	(1,026)	-1%
Deferred outflow of resources	5,069	2,043	-	-	5,069	2,043	3,026	148%
Current liabilities	4,038	3,328	3,667	3,888	7,705	7,216	489	7%
Non-current liabilities	4,884	2,494	20,982	24,101	25,866	26,595	(729)	-3%
Total liabilities	8,922	5,822	24,649	27,989	33,571	33,811	(240)	-1%
Deferred inflow of resources	3,123	4,275	-	-	3,123	4,275	(1,152)	-27%
Net position								
Net investment in capital assets	35,188	37,072	61,152	52,133	96,340	89,205	7,135	8%
Restricted	25,919	21,428	1,616	7,572	27,535	29,000	(1,465)	-5%
Unrestricted	3,873	7,027	4,938	4,062	8,811	11,089	(2,278)	-21%
Total net position	\$ 64,980	\$ 65,527	\$ 67,706	\$ 63,767	\$ 132,686	\$ 129,294	\$ 3,392	3%

Net position of the City improved over prior year at over \$3.4 million or 3%. This increase is a function of a decrease in liabilities for the City while assets remained consistent.

Total assets of the City remained consistent with prior year noting a 1% change. The deferred outflow of resources is related to the City fire and police pension plans, calculated by a third-party actuary.

Total liabilities of the City also remained consistent between year noting a 1% change.

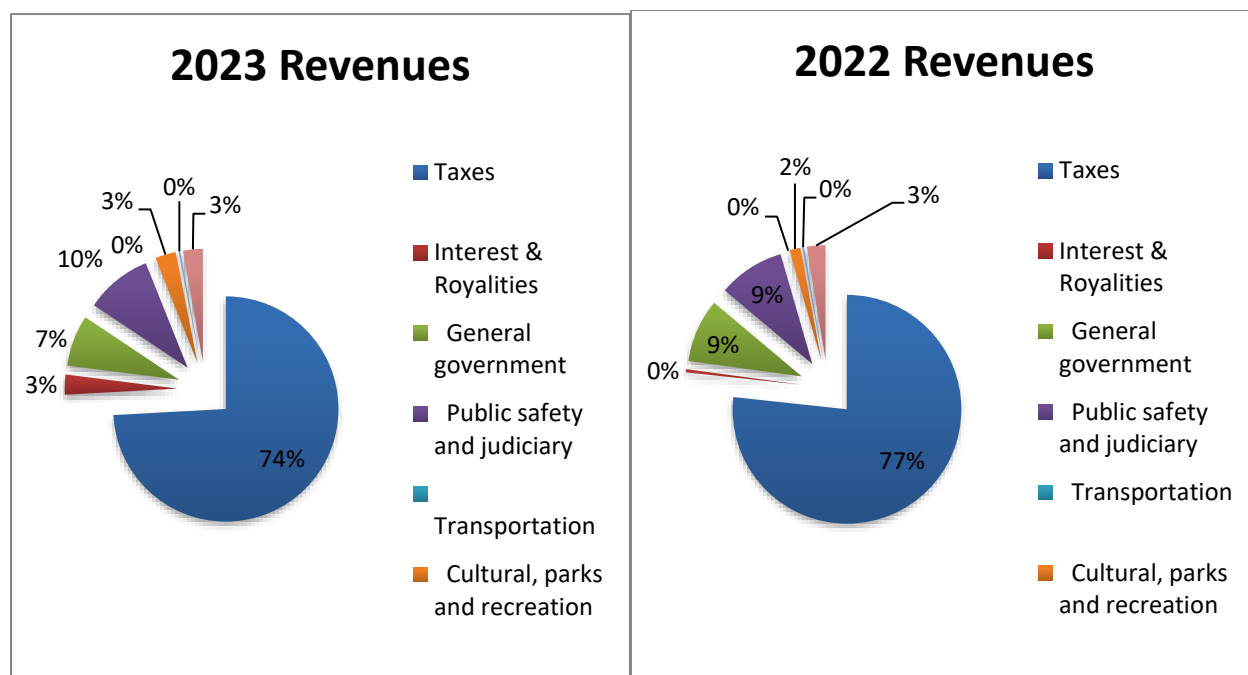
The City reported over \$118 million in capital assets with \$22 million remaining on debt used to finance their acquisition and construction.

	Summary of Changes in Net Position							
	Governmental		Business-type		Total		Change	
	2023	2022	2023	2022	2023	2022	\$	%
Revenues								
Program revenues	\$ 4,055,818	\$ 3,734,727	\$ 10,634,087	\$ 8,710,496	\$ 14,689,905	\$ 12,445,223	\$ 2,244,682	18%
Taxes and other general revenues	14,191,802	16,352,462	4,966,439	4,686,882	19,158,241	21,039,344	(1,881,103)	-9%
Total revenues	18,247,620	20,087,189	15,600,526	13,397,378	33,848,146	33,484,567	363,579	1%
Expenses								
General government	2,496,815	2,193,769	-	-	2,496,815	2,193,769	303,046	14%
Public safety and judiciary	7,782,800	7,367,653	-	-	7,782,800	7,367,653	415,147	6%
Transportation	257,274	257,274	-	-	257,274	257,274.00	-	0%
Cultural, parks, and recreation	3,100,506	2,117,974	-	-	3,100,506	2,117,974	982,532	46%
Public service	1,037,329	979,776	-	-	1,037,329	979,776	57,553	6%
Economic development	1,029,395	784,461	-	-	1,029,395	784,461	244,934	31%
Utilities	-	-	3,899,575	6,291,925	3,899,575	6,291,925	(2,392,350)	-38%
Airport	-	-	704,778	703,269	704,778	703,269	1,509	0%
Customer service	-	-	3,321,050	742,545	3,321,050	742,545	2,578,505	347%
Industrial development	-	-	5,475,782	4,762,826	5,475,782	4,762,826	712,956	15%
Total expenses	15,704,119	13,700,907	13,401,185	12,500,565	29,105,304	26,201,472	2,903,832	11%
Excess (deficiency) before transfers	\$ 2,543,501	\$ 6,386,282	\$ 2,199,341	\$ 896,813	\$ 4,742,842	\$ 7,283,095	\$ (2,540,253)	-35%
Transfer to other governments	-	-	-	-	-	-	-	100%
Transfers	(2,858,704)	(3,136,713)	2,858,704	3,136,713	-	-	-	0%
Increase (decrease) in net position	\$ (315,203)	\$ 3,249,569	\$ 5,058,045	\$ 4,033,526	\$ 4,742,842	\$ 7,283,095	\$ (2,540,253)	-35%

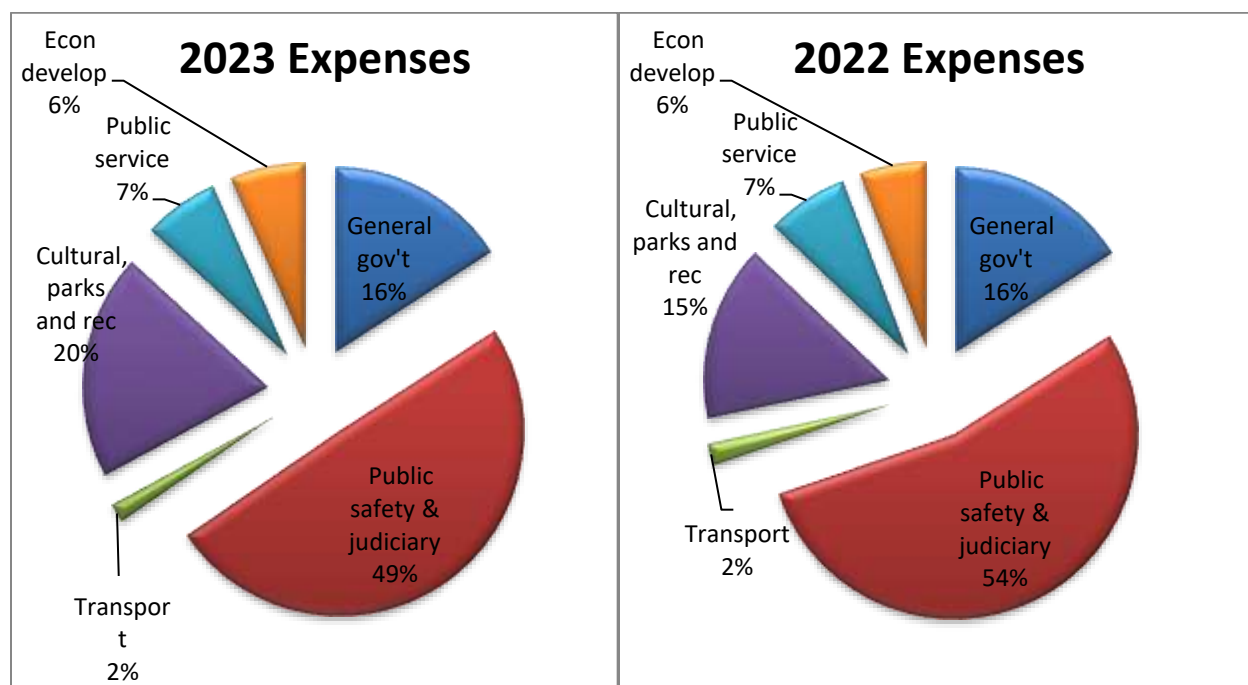
The City reported revenues consistent with prior year, noting a 1% changes.

Operating expenses increased by 11% or \$2.9 million. Parks and recreation increased \$983m or 46% due to capital improvements made to the aquatic park and recreation facilities of the City. Expenses were reclassified between utilities and customer service during the year to better match their intended use.

Graphic presentations of selected data from the summary table follow to assist in the analysis of the City's activities.



Taxes provided 74% of the City's governmental revenues in fiscal year 2023 compared to 77% in 2022. Sources of revenues for the governmental funds remained consistent between years.



TOTAL EXPENSES \$15,704,119

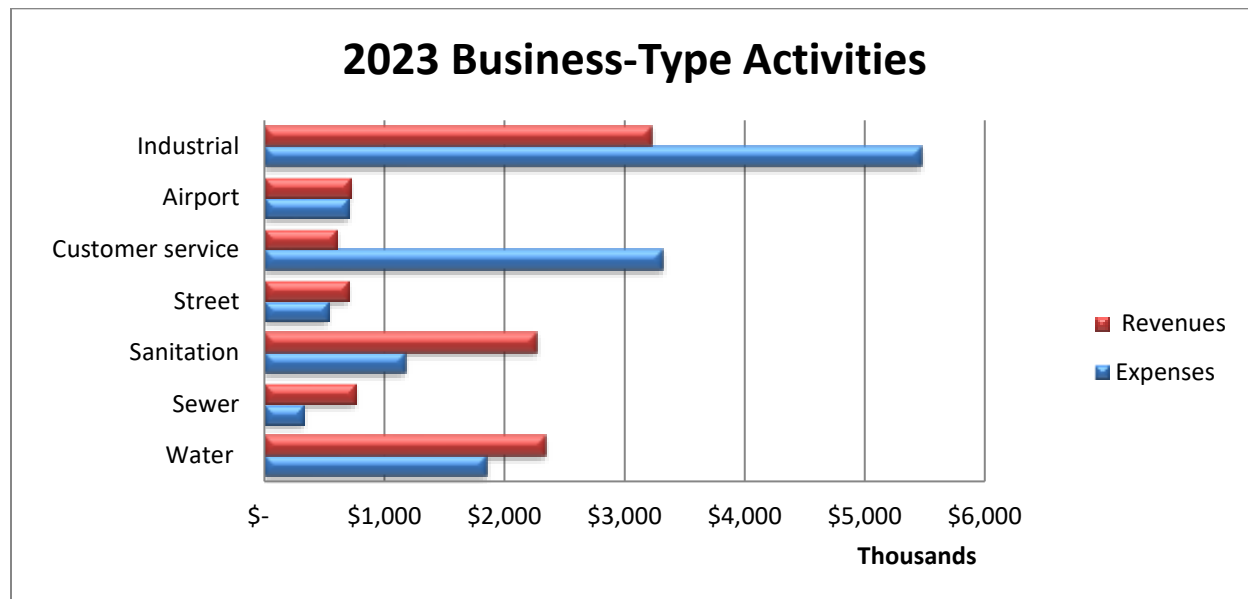
TOTAL EXPENSES \$13,700,907

For the year ended June 30, 2023, total expenses for governmental activities were \$15,704,119. Of this amount, public safety and judiciary with \$7,782,800, was the largest operating service department at 49% of the total cost of services for the City government. This compares to prior year in which public safety

accounted for 54% of total expenses. These costs, as well as all other governmental activity expenses, were primarily funded by tax revenues. It should be noted that governmental expenses are adjusted from the fund statements to the government-wide statements for the purchase and construction of capital assets. Government-wide statement is full accrual; capital outlay expenses are eliminated, and capital assets are reported.

Business-type Activities

The following is a graphic representation of business-type expenses as a percentage of revenues for the major departments of the City's enterprise funds:



Business-type activities are shown comparing operating costs to operating revenues generated by the related services. Sanitation, Sewer, and Water activities are intended to be self-supporting with user charges and other revenues designed to recover costs. Other activities provide services with minimal user charges. The Industrial Authority is funded with a dedicated sales tax, which is pledged against debt offerings. That sales tax is not considered operating income in the above chart.

General Fund Budgetary Highlights

The original adopted General Fund budget for fiscal year 2023 was \$11,950,847 compared to \$10,237,407 in prior year. During the fiscal year, the City approved budget amendments totaling \$874,272 for a total budget of \$12,825,119. Total expenditures for the City were \$12,339,747, which was \$485,372 less than the amended budget. The City complied all budget laws and regulations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2023, the City had \$96,511,817 net investment in capital assets, including vehicles and equipment for police and fire operations, street improvements, and park facilities, in governmental activities and utility improvements/infrastructure in business-type activities. Refer to the table below.

Primary Government Capital Assets

(in thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Land and CIP	\$ 5,851	\$ 5,345	\$ 14,583	\$ 18,572	\$ 20,434	\$ 23,917
Buildings	16,494	30,583	33,037	33,036	49,531	63,619
Machinery & equipment	27,705	11,651	13,178	12,435	40,883	24,086
Utility property & improvements	46,792	46,733	66,255	50,102	113,047	96,835
Total cost	\$ 96,842	\$ 94,312	\$ 127,053	\$ 114,145	\$ 223,895	\$ 208,457
Accumulated depreciation	61,758	59,162	43,910	40,337	105,668	99,499
Total capital assets, net	\$ 35,084	\$ 35,150	\$ 83,143	\$ 73,808	\$ 118,227	\$ 108,958

Long-Term Liabilities

At year-end, the City had \$25,866,564 in long-term liabilities. The City's changes in long-term debt by type of debt are as follows:

Primary Government Long-Term Debt

	Governmental		Business-type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Notes payable	\$ -	\$ -	\$ 22,048,323	\$ 24,980,000	\$ 22,048,323	\$ 24,980,000
Lease payable	-	-	-	-	-	-
Pension obligation	4,883,742	2,494,494	-	-	4,883,742	2,494,494
Premium on debt issuance	-	-	1,097,822	1,155,603	1,097,822	1,155,603
less current portion	-	-	(2,163,323)	(2,035,000)	(2,163,323)	(2,035,000)
Total long term debt	\$ 4,883,742	\$ 2,494,494	\$ 20,982,822	\$ 24,100,603	\$ 25,866,564	\$ 26,595,097

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Fiscal Year 2024 Planning

The City of Elk City has approved a budget for the municipal entity that encompasses the current market. For a copy of the most recent budget, please contact City Hall.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show 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 Elk City, OK City Hall, 320 West 3rd St, Elk City, Oklahoma.

City of Elk City, Oklahoma
Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 5,802,784	\$ 1,366,250	\$ 7,169,034
Investments	5,290,102	1,302,000	6,592,102
Due from other governments	1,022,876	-	1,022,876
Accounts receivable (net)	20,389	1,460,534	1,480,923
Other receivables	-	424,728	424,728
Grant receivable	76,709	-	76,709
Inventory	9,459	1,372,009	1,381,468
Prepaid asset	-	-	-
Due from other funds	(1,373,330)	1,434,974	61,644
Total current assets	10,848,989	7,360,495	18,209,484
Restricted assets:			
Cash and cash equivalents	4,366,070	1,616,282	5,982,352
Investments	21,553,403	-	21,553,403
Total restricted assets	25,919,473	1,616,282	27,535,755
Noncurrent Assets:			
Discount on debt issued	-	177,930	177,930
Pension asset	333,802	-	333,802
Land and construction in progress	5,851,933	14,583,453	20,435,386
Other capital assets (net of accumulated depreciation)	29,001,997	68,616,412	97,618,409
Total noncurrent assets	35,187,732	83,377,795	118,565,527
Total assets	\$ 71,956,194	\$ 92,354,572	\$ 164,310,766
DEFERRED OUTFLOW OF RESOURCES			
Deferred charges on pension obligations	5,069,477	-	5,069,477
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 784,695	\$ 945,726	\$ 1,730,421
Payroll liabilities	422,796	215,442	638,238
Compensated absences	753,955	190,315	944,270
Accrued payables	2,076,399	152,108	2,228,507
Capital lease payable, current	-	-	-
Notes payable, current	-	1,567,331	1,567,331
Total current liabilities	4,037,845	3,070,922	7,108,767
Noncurrent liabilities:			
Pension obligation	4,883,742	-	4,883,742
Notes payable, non-current	-	19,885,000	19,885,000
Premium on debt issuance	-	1,693,814	1,693,814
Total noncurrent liabilities	4,883,742	21,578,814	26,462,556
Total liabilities	8,921,587	24,649,736	33,571,323
DEFERRED INFLOW OF RESOURCES			
Deferred charges on pension obligations	3,123,019	-	3,123,019
NET POSITION			
Net investment in capital assets	35,187,732	61,747,534	96,935,266
Reserved for restricted purposes	25,919,473	1,616,282	27,535,755
Unrestricted	3,873,860	4,341,020	8,214,880
Total net position	\$ 64,981,065	\$ 67,704,836	\$ 132,685,901

City of Elk City, Oklahoma
Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 2,496,815	\$ 257,683	\$ 1,039,780	\$ -	\$ (1,199,352)
Public safety and judiciary	7,782,800	1,409,382	203,208	76,709	(6,093,501)
Transportation	257,274	-	-	-	(257,274)
Cultural, parks and recreation	3,100,506	523,491	474	-	(2,576,541)
Public service	1,037,329	45,843	-	-	(991,486)
Economic development	1,029,395	499,248	-	-	(530,147)
Total governmental activities	15,704,119	2,735,647	1,243,462	76,709	(11,648,301)
Business-type activities:					
Water	1,857,494	2,343,838	-	-	486,344
Sewer	332,275	758,468	-	-	426,193
Sanitation	1,174,989	2,272,113	-	-	1,097,124
Streets	534,817	-	703,347	-	168,530
Customer service	3,321,050	606,227	-	-	(2,714,823)
Airport	704,778	525,498	-	194,934	15,654
Economic development	5,475,782	3,229,662	-	-	(2,246,120)
Total business-type activities	13,401,185	9,735,806	703,347	194,934	(2,767,098)
Total primary government	\$ 29,105,304	\$ 12,471,453	\$ 1,946,809	\$ 271,643	\$ (14,415,399)

City of Elk City, Oklahoma
Statement of Activities (continued)
Year Ended June 30, 2023

Changes in Net Position:

	Governmental Activities	Business-type Activities	Total
Net (expense)/revenue	\$ (11,648,301)	\$ (2,767,098)	\$ (14,415,399)
General revenues:			
Taxes:			
Sales tax	10,022,258	4,896,566	14,918,824
Use tax	1,758,240	-	1,758,240
Franchise tax	555,344	-	555,344
Other taxes	388,133	-	388,133
Oil and gas royalties	350,665	-	350,665
Miscellaneous income	409,672	-	409,672
Investment income	505,608	69,873	575,481
Change in pension obligations	201,882	-	201,882
Transfers internal activity	(2,858,704)	2,858,704	-
Total general revenues and transfers	<u>11,333,098</u>	<u>7,825,143</u>	<u>19,158,241</u>
Change in net position	(315,203)	5,058,045	4,742,842
Net position-beginning	65,525,864	63,768,061	129,293,925
Prior period adjustment	(229,596)	(1,121,270)	(1,350,866)
Net position-ending	<u>\$ 64,981,065</u>	<u>\$ 67,704,836</u>	<u>\$ 132,685,901</u>

City of Elk City, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Capital Projects	Economic Development	Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,309,199	\$ 3,261,801	\$ 5,685	\$ 4,592,169	\$ 10,168,854
Investments	13,290,102	8,347,773	-	5,205,630	26,843,505
Taxes receivable	745,575	276,079	-	1,222	1,022,876
Accounts receivable	20,389	-	-	-	20,389
Grant receivable	-	76,709	-	-	76,709
Due from other funds	496,000	2,171	-	-	498,171
Inventory	9,459	-	-	-	9,459
Prepaid asset	-	-	-	-	-
Total assets	<u>\$ 16,870,724</u>	<u>\$ 11,964,533</u>	<u>\$ 5,685</u>	<u>\$ 9,799,021</u>	<u>\$ 38,639,963</u>
LIABILITIES					
Accounts payable	\$ 3,392	\$ 777,991	\$ -	\$ 3,312	\$ 784,695
Due to other funds	1,860,705	-	7,171	3,625	1,871,501
Payroll liabilities	422,796	-	-	-	422,796
Compensated absences	753,955	-	-	-	753,955
Other accrued liabilities	2,076,399	-	-	-	2,076,399
Total liabilities	<u>5,117,247</u>	<u>777,991</u>	<u>7,171</u>	<u>6,937</u>	<u>5,909,346</u>
FUND BALANCES					
Nonspendable	9,459	-	-	-	9,459
Restricted	-	-	-	4,548,450	4,548,450
Committed	8,000,000	11,609,574	-	1,761,449	21,371,023
Assigned	-	-	22,630	2,467,109	2,489,739
Unassigned	3,744,018	(423,032)	(24,116)	1,015,076	4,311,946
Total fund balances	<u>11,753,477</u>	<u>11,186,542</u>	<u>(1,486)</u>	<u>9,792,084</u>	<u>32,730,617</u>
Total liabilities and fund balances	<u>\$ 16,870,724</u>	<u>\$ 11,964,533</u>	<u>\$ 5,685</u>	<u>\$ 9,799,021</u>	<u>\$ 38,639,963</u>
Total fund balance- total governmental funds					\$ 32,730,617
Amounts reported for governmental activities in the Statement of Net assets are different because:					
Land and capital assets, net of accumulated depreciation, are not financial resources and, in the funds, and therefore, are not reported					
Land and construction in process				5,851,933	
Capital assets				90,990,286	
Less: Accumulated depreciation				<u>(61,988,289)</u>	34,853,930
Long-term portion of liabilities are not due and payable in the current period and are not reported					
Deferred outflows(inflows) on pension obligation				1,946,458	
Net pension (obligation)/asset				<u>(4,549,940)</u>	(2,603,482)
Net position of governmental activities					<u>\$ 64,981,065</u>

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

	General Fund	Capital Projects	Economic Development	Non-Major Funds	Total Governmental Funds
REVENUES					
Sales tax	\$ 6,539,737	\$ 3,264,377	\$ -	\$ 218,144	\$ 10,022,258
Use tax	1,758,240	-	-	-	1,758,240
Franchise tax	555,344	-	-	-	555,344
Tobacco tax	99,053	-	-	-	99,053
Licenses and permits	88,300	-	-	-	88,300
Rents & royalties	397,888	-	-	-	397,888
Fines and forfeitures	182,125	-	-	-	182,125
Charges for services	2,062,693	-	-	512,308	2,575,001
Intergovernmental revenues	336,396	1,102,790	-	-	1,439,186
Donations	13,063	-	-	-	13,063
Other revenues	63,142	31,588	-	314,942	409,672
Interest	377,777	38,968	2,335	86,528	505,608
Total revenues	12,473,758	4,437,723	2,335	1,131,922	18,045,738
EXPENDITURES					
General government:					
Managerial	646,565	-	-	-	646,565
City clerk	666,600	-	-	-	666,600
City treasurer	99,796	-	-	-	99,796
City attorney	39,475	-	-	-	39,475
Information technology	289,775	-	-	-	289,775
Youth and family	114,985	-	-	-	114,985
General government	293,700	60,764	-	6,162	360,626
Total general government	2,150,896	60,764	-	6,162	2,217,822
Public safety and judiciary:					
Police	3,509,241	-	-	2,020	3,511,261
Municipal court	112,981	-	-	540	113,521
Animal control	322,918	-	-	-	322,918
Fire	2,056,442	-	-	41,063	2,097,505
Ambulance	1,045,011	-	-	11,375	1,056,386
Total public safety and judiciary	7,046,593	-	-	54,998	7,101,591
Transportation:					
Street	-	-	-	-	-
Right of way	-	-	-	-	-
Total transportation	-	-	-	-	-
Cultural, parks and recreation:					
Museum	474,243	-	-	-	474,243
Library	379,950	-	-	-	379,950
Civic center	117,712	-	-	-	117,712
Park	663,141	-	-	-	663,141
Arrowhead center	542,564	-	-	-	542,564
CAAPS	421,746	-	-	-	421,746
Swimming pool	-	-	-	-	-
Total cultural, parks and recreation	2,599,356	-	-	-	2,599,356
Public service:					
Cemetery	168,472	-	-	-	168,472
Inspection	374,430	-	-	-	374,430
Total public service	542,902	-	-	-	542,902
Economic development:					
Economic development	-	-	201,867	444,249	646,116
Total economic development	-	-	201,867	444,249	646,116
Capital outlay	-	2,529,476	-	-	2,529,476
Debt service					
Principle	-	-	-	-	-
Interest	-	-	-	-	-
Total debt service	-	-	-	-	-
Total expenditures	12,339,747	2,590,240	201,867	505,409	15,637,263
Excess (deficiency) of revenues over expenditures	134,011	1,847,483	(199,532)	626,513	2,408,475
OTHER FINANCING SOURCES (USES)					
Transfers in	1,706,649	570,833	28,090	-	2,305,572
Transfers out	(4,804,463)	(3,648,201)	-	3,288,388	(5,164,276)
Total other financing sources and uses	(3,097,814)	(3,077,368)	28,090	3,288,388	(2,858,704)
Net change in fund balances	(2,963,803)	(1,229,885)	(171,442)	3,914,901	(450,229)
Fund balances - beginning	14,717,280	12,416,427	169,956	5,877,183	33,180,846
Fund balances - ending	\$ 11,753,477	\$ 11,186,542	\$ (1,486)	\$ 9,792,084	\$ 32,730,617

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

Reconciliation of the change in fund balances - total governmental funds
to the change in net assets of governmental activities:

Net change in fund balances - total governmental funds	\$ (450,229)
Amounts reported for governmental activities in the Statement of Activities are different because:	

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital asset purchases capitalized	2,529,476	
Depreciation expense	<u>(2,596,332)</u>	(66,856)

The proceeds of debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principle is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. See Note 3(E) for additional detail.

Principle payment on capital lease	-
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In the statement of activities, the cost of pension benefits earned net of employee contributions are reported as an component of pension expense. The fund financial statements report pension contributions as expenditures.

	<u>201,882</u>
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Change in Net Position of Governmental Activities	<u><u>\$ (315,203)</u></u>
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City of Elk City, Oklahoma
Statement of Fund Net Position
Proprietary Funds
June 30, 2023

	Public Works Authority	Airport Authority	Industrial Authority	Total Enterprise Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,383	\$ 896,101	\$ 468,766	\$ 1,366,250
Investments	702,000	-	600,000	1,302,000
Due from other funds	2,360,009	121,187	1,127	2,482,323
Accounts receivable, net	534,363	719	925,452	1,460,534
Taxes receivable	10,609	-	414,119	424,728
Note receivable, current	-	-	-	-
Inventory	528,618	55,346	788,045	1,372,009
Total current assets	<u>4,136,982</u>	<u>1,073,353</u>	<u>3,197,509</u>	<u>8,407,844</u>
Current assets:				
Restricted assets:				
Cash, including time deposits	443,415	-	1,172,867	1,616,282
Investments	-	-	-	-
Total restricted assets	<u>443,415</u>	<u>-</u>	<u>1,172,867</u>	<u>1,616,282</u>
Noncurrent assets:				
Discount on debt issued	-	-	177,930	177,930
Capital assets (net)	36,879,649	3,972,231	42,347,985	83,199,865
Total noncurrent assets	<u>36,879,649</u>	<u>3,972,231</u>	<u>42,525,915</u>	<u>83,377,795</u>
Total assets	<u>\$ 41,460,046</u>	<u>\$ 5,045,584</u>	<u>\$ 46,896,291</u>	<u>\$ 93,401,921</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 50,097	\$ 18,373	\$ 877,256	\$ 945,726
Payroll liabilities	366,683	8,666	30,408	405,757
Due to other funds	71,374	74,357	901,618	1,047,349
Accrued interest payable	-	-	152,108	152,108
Notes payable, current	582,331	-	985,000	1,567,331
Total current liabilities	<u>1,070,485</u>	<u>101,396</u>	<u>2,946,390</u>	<u>4,118,271</u>
Noncurrent liabilities:				
Notes payable, non-current	-	-	19,885,000	19,885,000
Premium on debt issuance, net	595,992	-	1,097,822	1,693,814
Total noncurrent liabilities	<u>595,992</u>	<u>-</u>	<u>20,982,822</u>	<u>21,578,814</u>
Total liabilities	<u>1,666,477</u>	<u>101,396</u>	<u>23,929,212</u>	<u>25,697,085</u>
NET POSITION				
Net investment in capital assets	36,297,318	3,972,231	21,477,985	61,747,534
Restricted	443,415	-	1,172,867	1,616,282
Unrestricted	<u>3,052,836</u>	<u>971,957</u>	<u>316,227</u>	<u>4,341,020</u>
Total fund net position	<u>\$ 39,793,569</u>	<u>\$ 4,944,188</u>	<u>\$ 22,967,079</u>	<u>\$ 67,704,836</u>

City of Elk City, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2023

	Public Works Authority	Airport Authority	Industrial Authority	Total Enterprise Funds
<u>Operating revenues:</u>				
Charges for services:				
Water charges	\$ 2,343,838	\$ -	\$ -	\$ 2,343,838
Sewer charges	758,468	-	-	758,468
Sanitation charges	2,272,113	-	-	2,272,113
Sale of fuel and rock	-	358,890	3,217,138	3,576,028
Utility surcharges	436,302	-	-	436,302
Penalties	72,755	-	-	72,755
Total charges for services	<u>5,883,476</u>	<u>358,890</u>	<u>3,217,138</u>	<u>9,459,504</u>
Lease and rental income	-	51,242	-	51,242
Other fees and charges	97,170	115,366	12,524	225,060
Total operating revenues	<u>5,980,646</u>	<u>525,498</u>	<u>3,229,662</u>	<u>9,735,806</u>
<u>Operating expenses:</u>				
Cost of sales	-	314,351	3,015,212	3,329,563
Personal services	2,546,246	73,309	286,810	2,906,365
Materials and supplies	1,991,578	25,272	116,052	2,132,902
Other services and charges	552,055	22,400	88,765	663,220
Depreciation and amortization	1,985,061	269,446	1,319,163	3,573,670
Total operating expenses	<u>7,074,940</u>	<u>704,778</u>	<u>4,826,002</u>	<u>12,605,720</u>
Net operating income	(1,094,294)	(179,280)	(1,596,340)	(2,869,914)
<u>Nonoperating revenue (expense):</u>				
Sales tax	-	-	4,896,566	4,896,566
Investment income	23,049	8,296	38,528	69,873
Intergovernmental revenue	703,347	194,934	-	898,281
Bad debt expense	(15,672)	-	-	(15,672)
Interest expense	(130,013)	-	(649,780)	(779,793)
Total nonoperating revenue (expense)	<u>580,711</u>	<u>203,230</u>	<u>4,285,314</u>	<u>5,069,255</u>
Net Income before contributions and transfers	(513,583)	23,950	2,688,974	2,199,341
Transfers from other funds	13,236,120	265,960	96,733	13,598,813
Transfers to other funds	(2,428,854)	-	(8,311,255)	(10,740,109)
Transfer to other governments	-	-	-	-
Change in fund net position	10,293,683	289,910	(5,525,548)	5,058,045
Net position-beginning of year	30,621,156	4,654,278	28,492,627	63,768,061
Prior year restatement	<u>(1,121,270)</u>	<u>-</u>	<u>-</u>	<u>(1,121,270)</u>
Net position-end of year	<u>\$ 39,793,569</u>	<u>\$ 4,944,188</u>	<u>\$ 22,967,079</u>	<u>\$ 67,704,836</u>

City of Elk City, Oklahoma
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2023

	Public Works Authority	Airport Authority	Industrial Authority
<u>Cash flows from operating activities:</u>			
Receipts from customers	\$ 5,733,117	\$ 546,928	\$ 3,707,692
Payments to suppliers	(2,730,558)	(353,212)	(3,134,351)
Payments to employees	(2,502,165)	(70,899)	(275,142)
Net cash provided (used) by operating activities	<u>500,394</u>	<u>122,817</u>	<u>298,199</u>
<u>Cash flows from non-capital financing activities:</u>			
Transfers from other funds	13,236,120	265,960	96,733
Transfers to other funds	(2,428,854)	-	(8,311,255)
Transfers to other governments	-	-	-
Intergovernmental revenues	703,347	-	4,896,566
Net cash provided (used) by non-capital financing activities	<u>11,510,613</u>	<u>265,960</u>	<u>(3,317,956)</u>
<u>Cash flows from capital and related financing activities:</u>			
Purchase of capital assets	(12,667,803)	(240,359)	-
Capital grants and contributions	-	194,934	-
Issuance of capital debt	-	-	-
Principal paid on capital debt	-	-	(4,110,000)
Interest paid on capital debt	(130,013)	-	(638,983)
Net cash provided (used) by capital and related financing activities	<u>(12,797,816)</u>	<u>(45,425)</u>	<u>(4,748,983)</u>
<u>Cash flows from investing activities:</u>			
Change in investments	284,328	(121,187)	3,337,739
Investment income	23,049	8,296	38,528
Net cash provided (used) by investing activities	<u>307,377</u>	<u>(112,891)</u>	<u>3,376,267</u>
 Net increase (decrease) in cash and cash equivalents	 (479,432)	 230,461	 (4,392,473)
Cash & cash equivalents, beginning of the year	<u>924,230</u>	<u>665,640</u>	<u>6,034,106</u>
Cash & cash equivalents, end of the year	<u>\$ 444,798</u>	<u>\$ 896,101</u>	<u>\$ 1,641,633</u>
Cash, including time deposits	\$ 1,383	\$ 896,101	\$ 468,766
Restricted cash, including time deposits	443,415	-	1,172,867
Total cash and cash equivalents, end of year	<u>\$ 444,798</u>	<u>\$ 896,101</u>	<u>\$ 1,641,633</u>
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u>			
Operating income (loss)	\$ (1,094,294)	\$ (179,280)	\$ (1,596,340)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	1,985,061	269,446	1,319,163
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(14,946)	-	460,299
(Increase) decrease in other receivable	(232,583)	3,813	17,731
(Increase) decrease in inventory	(15,931)	8,319	241,056
Increase (decrease) in accounts payable	(242,368)	492	(155,378)
Increase (decrease) in payroll liabilities	44,081	2,410	11,668
Increase (decrease) in other liabilities	71,374	17,617	-
Total adjustments	<u>1,594,688</u>	<u>302,097</u>	<u>1,894,539</u>
Net cash provided (used) by operating activities	<u>\$ 500,394</u>	<u>\$ 122,817</u>	<u>\$ 298,199</u>

City of Elk City, Oklahoma
Statement of Fiduciary Net Position
June 30, 2023

	District 2 Drug Task Force Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 703,963	\$ 35,874
Investments	1,709,854	196,000
Due from other governments	84	-
Property, plant and equipment, net	-	-
Total assets	<u>\$ 2,413,901</u>	<u>\$ 231,874</u>
LIABILITIES		
Accounts payable	\$ -	\$ -
Accrued salaries	3,699	-
Bonds and deposits subject to refund	-	219,112
Due to other funds	34,183	12,762
Total liabilities	<u>37,882</u>	<u>231,874</u>
NET ASSETS HELD IN TRUST		
District 2 drug task force funds	2,376,019	-
Net assets held in trust	<u>\$ 2,376,019</u>	<u>\$ -</u>

City of Elk City, Oklahoma
Statement of Revenues, Expenses and Changes in Fiduciary Net Position
Trust Fund
Year Ended June 30, 2023

	District 2 Drug Task Force Trust Funds
<u>ADDITIONS</u>	
Forfeitures	\$ 57,836
Other Income	7,026
Interest	40,442
Transfer in	-
Total additions	<u>105,304</u>
<u>DEDUCTIONS</u>	
Personal services	59,526
Supplies and repairs	6,236
Other charges and services	144,696
Depreciation	-
Transfer out	-
Total deductions	<u>210,458</u>
Change in net assets	(105,154)
<u>NET ASSETS HELD IN TRUST</u>	
Beginning of year	<u>2,481,173</u>
End of year	<u>\$ 2,376,019</u>

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting framework and the more significant accounting principles and practices of the City of Elk City, Oklahoma ("City") are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures of the City's financial activities for the fiscal year ended June 30, 2023. The City operates under a charter with a Council-Manager form of government.

A. Reporting Entity

Fund Types and Major Funds

Major Governmental Funds

General Fund

Reported as the primary fund of the City. This fund is used to account for all financial resources not reported in other funds.

Capital Projects Fund

Accounts for the Commission restricted sales tax of 1% limited to capital expenditures.

Economic Development Fund

Accounts for operations of the economic development of the City of Elk City.

Major Proprietary Funds

Elk City Public Works Authority

Accounts for the operating activities of the water, sewer, and sanitation utilities of the City. The City Commission serves as the trustees of the Authority. The Elk City Public Works Authority was established in June 1981 and amended in March 1999.

Elk City Airport Authority

Accounts for the operating activities of the Elk City Municipal Airport. The City Commission serves as the trustees of the Airport Authority established in July 1979.

Elk City Industrial Authority

Created in March 1967 to promote the development of industry within the City. The Industrial Authority includes the operations of the rock yard.

Fiduciary Component Units (reported in fiduciary financial statements)

District 2 Drug Task Force Trust

Established to account for the operations of the drug task force of the District

Agency Fund

Accounts for fiduciary assets held by the City in a custodial capacity as an agent on behalf of others. The City's Agency Fund is used to account for various deposits and bail bonds.

Due to restrictions of the state constitution relating to the issuance of municipal debt, public trusts are created to finance City services with revenue bonds or other non-general obligation financing and provide for multi-year contracting. Financing services provided by these public trusts are solely for the benefit of the City. Public trusts created to provide financing services are blended into the City's primary government as an integral part of City operations although retaining separate legal identity. Component units that do not meet the criteria for blending are reported discretely. The City of Elk City blends all component units.

B. Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and statement of activities. These statements report financial information for the City as a whole excluding fiduciary activities. The statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. Individual funds are not displayed by the statements.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services with usage fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. Taxes and other revenues sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide statements report using the economic resources measurements focus and the accrual basis of accounting. Reimbursements are reported as reductions to expenses. Proprietary and fiduciary fund financial statements and financial statements of the City's component units also report using the same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

District 2 Drug Task Force funds recognize revenue in the period the assets are seized. The Agency Fund is custodial in nature and does not measure results of operations.

Governmental fund financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considered revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to claims and judgements are recorded only when paid.

Major revenue sources susceptible to accrual include: sales and use taxes and intergovernmental revenues. In general, other revenues are recognized when cash is received.

Operating income reported in the proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of provided goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

C. Budget Policy and Practice

Budget Approval

The City Manager submits an annual budget to the City Commission in accordance with the Oklahoma Municipal Budget Act. The budget is presented to the Commission for review, and public hearings are held to address priorities and the allocation of resources. In June, the Commission adopts the annual fiscal year budgets for City's operating funds. Budget amendments or supplements may be made during the year when unexpected modifications are required in estimated revenues and appropriations. Budget amendments are recommended by the City Manager and must be approved by the Commission. Public trusts submit budgets and other planning documents to their respective governing bodies. Other funds budgeted on a project-length basis are also subjected to the Commission review and approval process.

Basis of Budgeting

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and object class as follows: personal services, other services and charges, supplies, capital outlay, transfers, and debt service. The legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. Within these control levels, management may transfer appropriations without Commission approval. Revisions to the budget were made throughout the year.

The budgets for operating funds and proprietary funds are prepared on the cash basis. Revenues are budgeted in the year they are expected to be received. Expenses are budgeted in the year they are expected to be paid.

D. Policies Related to Assets, Liabilities, and Fund Equity

Cash and Investments

For the purposes of the combined balance sheet and the statement of cash flows, "cash and cash equivalents" includes all demand deposits, savings accounts and certificates of deposits or short-term investments (including restricted assets) with an original maturity of three months or less. Deposits are stated at cost.

Investments consist of certificates of deposit ("CD's"). CD's are reported at cost, which approximates fair value.

Inventories

Inventories are similarly reported in government-wide and fund financial statements.

Inventories consist of expendable supplies held for consumption stated on a first-in, first-out basis. They are reported at cost and recorded as an expense at the time the item is used. Governmental inventory consists of maintenance supplies for the museum. Business-type inventory includes rock, maintenance parts, and repair supplies.

Accounts Receivable

Significant receivables for governmental activities include sales and use tax receivables and ambulance receivables. Business-type receivables consist mainly of amount due from customers primarily for rock sales and utility services. These receivables are due within one year. Certain enterprise funds report accounts receivable net of an allowance for uncollectible accounts. The allowance amount is estimated using accounts receivable past due more than 60 to 90 days. At June 30, 2023, the City has estimated an allowance of \$42,378 and \$252,798 for governmental and business-type activities, respectively.

Restricted Assets

Restricted assets include assets legally restricted for capital projects and special revenue funds funded through long-term debt, debt service reserves or grants. Restricted assets and liabilities current in nature are reported with current assets and current liabilities in the financial statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

Interfund Balances

Generally, outstanding balances between funds reported as due to/due from other funds include outstanding charges by one fund to another for services or goods or miscellaneous receivables/payables between funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year and are described as due to/due from other funds.

Capital Assets, Depreciation, and Amortization

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective fund financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalized assets with cost of \$4,000 or more as purchase and construction outlay occur.

The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

• Buildings & structures	40 years
• Machinery, furniture & equipment	5-10 years
• Infrastructure and improvements	40 years

Costs incurred during construction of long-lived assets are recorded as construction in progress and are not depreciated until placed in service.

Compensated Absences

Full-time employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Full-time employees accrue unlimited sick leave. Generally, after one year of services, employees are entitled to all accrued vacation leave upon termination. All sick leave used each year will count against the working days that have been accumulated. Accumulated sick leave to be paid in two (2) week increments at the employee's last hourly rate of pay until the accrued sick leave is depleted. Accrued sick leave will not be paid in a lump sum. Pay for accumulated sick leave will be paid upon termination/retirement as follows: Police officers may be paid for a total of 576 hours for 12 weeks sick leave; Fire Fighters may be paid for a total of 864 hours for 12 weeks and; All non-uniformed personnel may be paid for a total of 480 hours for 12 weeks.

The estimated liabilities include required salary-related payments. Compensated absences are reported as accrued current liabilities in the government-wide and proprietary financial statements. Governmental funds report compensated absences payable to current employees.

Long-Term Debt

In the government-wide and proprietary statements outstanding debt is reported as a liability.

Fund Equity

Fund Balance

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes beyond the restrictions applicable to the fund.

Net Position

Both proprietary fund financial statements and government-wide financial statements report net position. Net investment in capital assets and legally restricted amounts are separated from unrestricted net position.

Net Investment in capital assets

The amount restricted 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 improvement of those assets.

Restricted net position

Amounts reported as restricted consist of net position with constraints placed on their 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.

Unrestricted net position

This consists of net position that does not meeting the criteria of "restricted" or "net investment in capital assets".

Governmental Fund Balances

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

Non-spendable

Fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

Restricted

Fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

Committed

Fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Commission, the City's highest level of decision-making authority,

Assigned

Fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

Unassigned

Fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications

Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) therefore will not be recognized as an outflow of resources (expense) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on net pension obligations for the retirement plans of the City. A deferred charge on pension obligations results from the net difference between projected and actual earnings on pension plan investments, difference in projected and actual experience, and contributions subsequent to measurement period.

Deferred inflows of resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s); therefore, will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred charge on net pension obligations for the retirement plans of the City. A deferred charge on pension obligations results from the net difference between projected and actual earnings on pension plan investments.

Restricted Assets

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities current in nature are reported with current assets and current liabilities in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reporting amounts and disclosures; accordingly, actual results could differ from those estimates.

Certain reclassifications have been made to prior period balances in order to conform to the current period's presentation.

E. Policies Related to Revenues and Expenses

Program Revenues

Charges for Services

Program revenues reported with governmental activities include charges for services like permits and fees, park charges, and fines and forfeitures. Business-type activity charges for services include all operating income of proprietary funds.

Grants and Contributions

Governmental grants and contributions primarily consist of grants from Federal and state agencies. The nature of the grant determines if it is reported as operating or capital program revenues.

Business-type activity grants and contributions include donations from others as well as grants from Federal and state agencies.

General Revenues

General revenues reported with governmental activities include tax revenues and unrestricted investment income.

Sales Tax

Effective April 2015, the City levied a 4.5% sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. A portion of the sales tax received is restricted as to use. The unrestricted portion (2%) is recorded as sales tax revenue within the General Fund; 2% is restricted by the City Commission and recorded as sales tax revenue in the Capital Improvement fund. The remaining 1.5% is restricted for debt payments in the Industrial Authority for the City's capital improvement bonds. Refer to additional information on the City's bonded debt in footnote B.

(2) ASSETS AND LIABILITIES AND NET POSITION

A. Assets

Deposits and Investments

Deposits and Certificates of Deposit

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's deposits are secured by collateral values at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation (FDIC). Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. As the City's deposits are held in certificates of deposit, they are not subject to interest rate risk.

The City had no investments as of June 30, 2023.

Receivables and Uncollectable Amounts

Due from other governments

Governmental activities report sales taxes receivable and grant receivable amounts as due from other governments. Sales tax receivable is comprised of amounts received after year-end for current year taxes on sales. Balances are considered fully collectible.

Accounts Receivable

Governmental activities report ambulance patient receivables totaling \$62,459, net of allowance of \$42,378.

CITY OF ELK CITY, OKLAHOMA
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Proprietary activities report accounts receivable of \$1,712,930 comprised of amounts due from rock yard vendors and citizens for utility services provided. The City has recorded an allowance of \$252,798 based upon historical management knowledge and experience.

Capital Assets

Changes in Capital Assets

	Primary Government			
	Balance at July 1, 2022 *	Additions	Deletions	Balance at June 30, 2023
<u>Governmental Activities</u>				
Land and construction in process	\$ 5,325,163	\$ 526,770	\$ -	\$ 5,851,933
Buildings & structures	16,494,594	-	-	16,494,594
Machinery, furniture, & equipment	25,834,752	1,870,746	-	27,705,498
Instructure & improvements	46,658,234	131,960	-	46,790,194
Total	\$ 94,312,743	\$ 2,529,476	\$ -	\$ 96,842,219
Less accumulated depreciation	59,391,957	2,596,332	-	61,988,289
Governmental fixed assets, net	<u>\$ 34,920,786</u>	<u>\$ (66,856)</u>	<u>\$ -</u>	<u>\$ 34,853,930</u>
<u>Business-type Activities</u>				
Land and construction in process	\$ 14,505,453	\$ 78,000	\$ -	\$ 14,583,453
Buildings & structures	33,035,970	-	-	33,035,970
Machinery, furniture, & equipment	12,435,092	743,569	-	13,178,661
Instructure & improvements	54,168,462	12,086,593	-	66,255,055
Total	\$ 114,144,977	\$ 12,908,162	\$ -	\$ 127,053,139
Less accumulated depreciation	40,279,605	3,573,669	-	43,853,274
Business-type fixed assets, net	<u>\$ 73,865,372</u>	<u>\$ 9,334,493</u>	<u>\$ -</u>	<u>\$ 83,199,865</u>
Total primary government	<u>\$ 108,786,158</u>	<u>\$ 9,267,637</u>	<u>\$ -</u>	<u>\$ 118,053,795</u>
<u>Fiduciary Funds</u>				
Machinery, furniture, & equipment	\$ 523,315	\$ -	\$ -	\$ 523,315
Total	\$ 523,315	\$ -	\$ -	\$ 523,315
Less accumulated depreciation	523,315	-	-	523,315
Fiduciary fund fixed assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Restated from prior year.

Business-type Assets by Fund

Capital Assets by Fund

	Public Works Authority	Airport Authority	Industrial Authority	Total Enterprise Fixed Assets
Land and CIP	\$ 2,978,965	\$ 296,917	\$ 11,307,571	\$ 14,583,453
Buildings & structures	662,362	140,980	32,232,628	33,035,970
Machinery, furniture, & equipment	9,146,050	998,457	3,034,154	13,178,661
Infrastructure & improvements	46,482,344	4,613,489	15,159,222	66,255,055
Total	59,269,721	6,049,843	61,733,575	127,053,139
Less accumulated depreciation	(22,390,072)	(2,077,612)	(19,385,590)	(43,853,274)
Business-type fixed assets, net	<u>\$ 36,879,649</u>	<u>\$ 3,972,231</u>	<u>\$ 42,347,985</u>	<u>\$ 83,199,865</u>

Depreciation Expense

Primary Government			
Governmental Activities		Business-type Activities	
General government	\$ 278,993	Water	\$ 1,195,220
Public safety & judiciary	681,209	Customer service	89,362
Transportation	257,274	Sewer	89,260
Culture, parks and recreation	501,150	Landfill	83,187
Public service	494,427	Street	299,434
Economic development	383,279	Trash	228,598
		Airport	269,446
		Industrial	1,319,162
Total depreciation expense	<u>\$ 2,596,332</u>	Total depreciation expense	<u>\$ 3,573,669</u>

CITY OF ELK CITY, OKLAHOMA
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B. Liabilities

Capital Leases, Notes, and Bonds Payable

Business-Type Activities

Notes Payable:

The Elk City Industrial Authority issued Sales Tax Revenue Bonds, Series 2019 in June 2019 totaling \$ 16,215,000 for an Indoor activity center, baseball/softball fields, aquatic center, and ackley park improvements. The note carries an interest rate of 2.49%, maturing June 2043. The note is secured with pledged sales tax of 1.5%, whereas 1% from the CAPPS Sales Tax ordinance and 0.5% of general sales tax.

The Elk City Public Works Authority Utility System Revenue Note, Taxable Series 2019 was issued November 2019 in the amount of \$5,510,000 to refund the Authority's 2009 Drinking Water SRF Note for debt savings. The original 2009 Drinking Water SRF Note was issued in fiscal year 2010 by the Oklahoma Water Resource Board to finance construction of a water line maturing October 2037. The loan had a fixed interest rate of 3.09% plus an administrative fee of .50% secured with the Elk City Public Works Authority's assets and future revenues, including water, sewer, and garbage. The final loan was for \$8,686,856, reduced by \$2,000,000 of principal forgiveness through the American Recovery and Reinvestment Act of 2009.

The Elk City Public Works Authority issued a note payable to the Oklahoma Water Resource Board for water improvements with an original balance of \$1,700,000 maturing March 15, 2025 with a stated interest rate of 2.32%. The loan is collateralized with water, sewer, and garbage revenues. Loan forgiveness of \$525,000 was recognized on this note.

\$ 22,048,323

Changes in Long-Term Debt

<u>Type of Debt</u>	<u>Balance at July 1, 2022*</u>	<u>Amount Issued</u>	<u>Amount Retired</u>	<u>Balance at June 30, 2023</u>	<u>Due Within One Year</u>
Governmental activities:					
TCF Capital Lease	\$ -	\$ -	\$ -	\$ -	\$ -
Pension obligation	2,494,494	2,389,248	-	4,883,742	-
Total governmental activities	<u>\$ 2,494,494</u>	<u>\$ 2,389,248</u>	<u>\$ -</u>	<u>\$ 4,883,742</u>	<u>\$ -</u>
Business-type activities:					
Public Works Authority					
OWRB Water improvements	1,175,000	3,323	-	1,178,323	582,331
Total Public Works Authority	<u>1,175,000</u>	<u>3,323</u>	<u>-</u>	<u>1,178,323</u>	<u>582,331</u>
Industrial Authority					
Elementary School	3,305,000	-	3,305,000	-	-
Sales Tax Revenue Bonds 2019	16,755,000	-	540,000	16,215,000	715,000
Series 2019 Revenue Note	4,920,000	-	265,000	4,655,000	270,000
Total Industrial Authority	<u>24,980,000</u>	<u>-</u>	<u>4,110,000</u>	<u>20,870,000</u>	<u>985,000</u>
Total business-type debt	<u>\$ 26,155,000</u>	<u>\$ 3,323</u>	<u>\$4,110,000</u>	<u>\$ 22,048,323</u>	<u>\$ 1,567,331</u>

* Restated from prior year

CITY OF ELK CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Annual Debt Service Requirements

Year Ending June 30	Public Works Authority		Industrial Authority	
	Principal	Interest	Principal	Interest
2024	582,331	21,170	985,000	853,493
2025	595,992	5,514	1,010,000	853,502
2026	-	-	1,045,000	796,346
2027	-	-	1,085,000	751,245
2028	-	-	1,135,000	704,268
2029-2033	-	-	6,385,000	2,795,959
2034-2038	-	-	7,340,000	1,655,317
2039-2043	-	-	1,885,000	632,969
Totals	\$ 1,178,323	\$ 26,684	\$ 20,870,000	\$ 9,043,099

Revenues of the City are pledged as follows on the debt obligations as of June 30, 2023

Debt	Revenue Pledged	Total Pledged Revenue in Current Year	Current Year Debt Service Requirements	Percentage Portion of Pledged Revenue Stream	Remaining Principle	Period Revenue Will Not Be Available for Other Purposes
Sales Tax Revenue Bonds 2019	Sales tax revenue of 1.5%	\$ 4,896,567	\$ 384,919	8%	\$ 4,655,000	Until 2043
Series 2019 Revenue Note	Revenues of water, wastewater, and garbage systems	\$ 4,227,767	\$ 1,454,181	34%	\$ 16,215,000	Until 2037

C. Net Position

The City's net position was restricted for the following purposes as of the date of the report:

	Governmental Activities	Business-type Activities
Enabling legislation from the state of Oklahoma	461,896	-
Economic development	5,151,376	-
Debt Service	-	443,415
Capital improvements	20,306,201	1,172,867
Total Restricted Net Position	\$ 25,919,473	\$ 1,616,282

(3) REVENUES AND EXPENSES

A. Interfund Balances

	Transfer From						
	General Fund	Capital Projects	Public Works Authority	Airport Authority	Industrial Authority	All others	Total
General Fund	\$ -	\$ 1,706,649	\$ 2,428,854	\$ -	\$ -	\$ 2,375,519	\$ 6,511,022
Capital Projects	570,833	-	-	265,960	-	-	836,793
Economic Development	28,090	-	-	-	-	-	28,090
Public Works Authority	4,924,865	3,648,201	-	-	8,311,255	-	16,884,321
Airport Authority	-	-	-	-	-	-	-
Industrial Authority	-	-	96,733	-	-	-	96,733
All others	-	-	-	-	-	912,869	912,869
Total	\$ 5,523,788	\$ 5,354,850	\$ 2,525,587	\$ 265,960	\$ 8,311,255	\$ 3,288,388	\$ 25,269,828

(4) PENSION AND POST-EMPLOYMENT PLANS

The City participates in three employee pension systems as follows:

Name of Plan	Type of Plan
The Hartford Deferred Compensation Plan	401a Deferred Compensation Plan – Defined Contribution Plan
Oklahoma Police Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan
Oklahoma Firefighter Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan

The financial impact of the pension plans on the City is summarized below.

	Governmental Activities
Pension Expense	
Police	\$ 79,774
Firefighters	678,836
	<u>\$ 758,610</u>
Net Pension Liability (Asset)	
Police	\$ (333,802)
Firefighters	4,883,742
	<u>\$ 4,549,940</u>
Deferred Outflows of Resources	
Police	\$ 2,125,128
Firefighters	2,944,349
	<u>\$ 5,069,477</u>
Deferred Inflows of Resources	
Police	\$ 1,478,275
Firefighters	1,644,744
	<u>\$ 3,123,019</u>

A. Empower Retirement Plan

Plan Description

Substantially all of the City's full time employees, with the exception of police officers and firefighters, participate in a deferred compensation plan administered by The Hartford. The plan is funded through contributions as elected by the City Commission. Participants may contribute a portion of their salary to the plan under Internal Revenue Code section 401a. The City contributes to the plan using a sliding scale dependent upon longevity. As of June 30, 2023, the Plan covered 98 employees with a total payroll of \$7,692,461.

The City contributes \$212.50 per month for each covered employee. Employees are not required to contribute a minimum amount. The funds are credited to individual participant accounts and pooled for investment purposes through The Hartford Deferred Compensation Plan. All gains and/or losses are credited directly to each participant. Upon retirement, termination of employment, disability, or death, the vested portion of a participant's account is paid to the participant or beneficiary. This amount is based on an accumulation of employee and employer contributions, forfeitures, if applicable, and earnings or losses.

Total employer contribution expense was \$274,682 for fiscal year 2023, while the employees contributed \$64,683. The Plan has been established and can be amended by City Commission's approval of an ordinance and Joinder agreement.

B. Oklahoma Police Pension and Retirement Systems

Plan description – The City of Elk City, as the employer, participates in the Oklahoma Police Pension and Retirement Plan – a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at www.ok.gov/OPPRS.

Benefits provided – OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered. Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

Contributions – The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$182,136.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the City reported an asset of \$333,802 for its proportionate share of the net pension liability. The net pension asset was measured as of July 1, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2022. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2022. Based upon this information, the City's proportion was 0.004163.

For the year ended June 30, 2023, the City recognized pension expense of \$79,774. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 163,734	\$ 36,360
Changes of assumptions	11,621	-
Net difference between projected and actual earnings on pension plan investments	1,767,637	1,441,915
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	182,136	-
Total	\$ 2,125,128	\$ 1,478,275

At June 30, 2023, the City reported \$182,136 as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources totaling \$646,854 related to pensions will be recognized as an increase in pension expense as follows:

Year ended June 30:		
2023	\$	286,960
2024		27,535
2025		(88,687)
2026		400,160
2027		20,886
Total	\$	646,854

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

Inflation:	3%
Salary increases:	4.5% to 17.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

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

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

Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.

The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, are summarized in the following table:

<u>Long-Term Expected Asset Class</u>	<u>Real Rate of Return</u>
Fixed income	2.83%
Domestic equity	6.47%
International equity	6.98%
Real Estate	5.50%
Private Equity	5.96%
Other assets	3.08%

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

Discount Rate – The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
City's proportionate share of the net pension liability/(asset)	967,123	(333,802)	(1,433,402)

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPPRS; which can be located at www.ok.gov/OPPRS.

C. Oklahoma Firefighter's Pension and Retirement Systems

Plan Description – The City of Elk City, as the employer, participates in the Firefighters Pension & Retirement – a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at www.ok.gov/fprs.

Benefits provided – FPRS provides retirement, disability, and death benefits to members of the plan.

Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more service.

Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more service.

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

CITY OF ELK CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with less than 20 years of service, or \$7.53 per year of service, with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

Contributions – The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$160,912.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the City reported a liability of \$2,494,494 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2022. Based upon this information the City's proportion was 0.00373451.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 626,941	\$ 24,654
Changes of assumptions	-	31,138
Net difference between projected and actual earnings on pension plan investments	2,156,496	1,588,952
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	160,912	-
Total	\$ 2,944,349	\$ 1,644,744

For the year ended June 30, 2023, the City recognized pension expense of \$678,836. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

At June 30, 2023, the City reported \$160,912 as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources totaling \$1,299,605 related to pensions will be recognized as an increase in pension expense as follows:

Year ended June 30:		
2023	\$	464,219
2024		247,737
2025		70,396
2026		517,253
2027		-
Total	\$	1,299,605

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

Inflation:	3%
Salary increases:	3.5% to 9.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best

CITY OF ELK CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	5.48%
Domestic equity	37%	9.61%
International equity	20%	9.24%
Real Estate	10%	7.76%
Other assets	13%	6.88%

Discount Rate – The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
City's proportionate share of the net pension liability/(asset)	6,293,085	4,883,742	3,704,905

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS; which can be located at www.ok.gov/fprs.

(5) COMMITMENTS AND CONTINGENCIES

A. Landfill Closure and Post-Closure Care

State and federal laws and regulations require the City of Elk City to place a final cover on landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure on the current landfill. Although closure and post-closure care costs will be paid only near or after the date the landfill stops accepting waste, closure costs represent a liability based on landfill capacity used as of May 14, 2023. The landfill is currently in use under permit number 3505009 with an estimated useful life of 0 years remaining. The financial statements reflect an accrual of \$2,074,518 as a liability in current debt to cover the estimated costs. The liability is shown as a long-term obligation based upon the estimated life of the landfill. This amount is only an estimate based on current circumstances and may change due to inflation, changes in technology, or changes in regulations.

During the fiscal year 2015, the City began operating a second cell of the landfill under permit number 3505012. This cell is currently being used by the City for sanitation disposal. The estimated life of the landfill is 15.74 years with an associated closing cost of \$1,863,816. The financial statements reflect an accrual of the estimated liability, totaling \$118,413.

B. Litigation

The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. 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.

C. Grant Program Involvement

In the normal course of operations, the City participates in various federal or state grant/loan programs from year to year. 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. Any liability for reimbursement, which may arise as a result of these audits, cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

(6) PRIOR PERIOD ADJUSTMENT

The financial statements reflect an adjustment to prior period to reflect the balance owed on the loan issued from Oklahoma Water Resource Board and related forgiveness on the issued debt. Additionally, a prior period adjustment was made to reflect a change in depreciation recorded on assets owned by the City, net effect of \$172,544.

City of Elk City Oklahoma
General Fund
Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2023

	Original Budget	Revisions	Revised Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES					
Sales tax	\$ 5,474,564	\$ 642,386	\$ 6,116,950	\$ 6,539,737	\$ 422,787
Use tax	1,716,099	43,851	1,759,950	1,758,240	(1,710)
Franchise tax	418,000	110,000	528,000	555,344	27,344
Other taxes	233,468	-	233,468	99,053	(134,415)
Licenses and permits	55,000	-	55,000	88,300	33,300
Rents & royalties	305,567	132,000	437,567	397,888	(39,679)
Fines and forfeitures	160,000	70,000	230,000	182,125	(47,875)
Charges for services	1,518,000	200,900	1,718,900	2,062,693	343,793
Intergovernmental revenues	-	-	-	336,396	336,396
Donations	11,000	-	11,000	13,063	2,063
Other revenues	135,000	40,000	175,000	63,142	(111,858)
Interest	50,000	275,000	325,000	377,777	52,777
Total revenues	10,076,698	1,514,137	11,590,835	12,473,758	882,923
EXPENDITURES					
General government:					
Managerial	436,554	284,145	720,699	646,565	74,134
City clerk	925,573	(184,400)	741,173	666,600	74,573
Treasurer	96,429	3,500	99,929	99,796	133
City attorney	51,543	-	51,543	39,475	12,068
Information technology	331,261	(11,000)	320,261	289,775	30,486
Youth and family	234,920	-	234,920	114,985	119,935
General government	-	299,000	299,000	293,700	5,300
Public safety and judiciary:					
Police	3,966,829	(417,172)	3,549,657	3,509,241	40,416
Municipal Court	107,125	6,200	113,325	112,981	344
Animal Control	265,651	61,500	327,151	322,918	4,233
Fire	2,125,672	(55,530)	2,070,142	2,056,442	13,700
Ambulance	904,848	143,100	1,047,948	1,045,011	2,937
Culture and recreation:					
Museum	399,342	78,300	477,642	474,243	3,399
Library	315,293	66,269	381,562	379,950	1,612
Civic Center	106,000	12,000	118,000	117,712	288
Park	596,462	67,000	663,462	663,141	321
Arrowhead center	503,717	98,360	602,077	542,564	59,513
CAAPS	70,741	352,000	422,741	421,746	995
Swimming pool	40,917	(20,500)	20,417	-	20,417
Public services					
Cemetery	188,943	-	188,943	168,472	20,471
Inspection	283,027	91,500	374,527	374,430	97
Total expenditures	11,950,847	874,272	12,825,119	12,339,747	485,372
Revenue over (under) expenditures	(1,874,149)	639,865	(1,234,284)	134,011	397,551
OTHER FINANCING SOURCES (USES)					
Operating transfers in/(out)	574,458	-	574,458	(3,097,814)	(3,672,272)
Net other financing sources (uses)	574,458	-	574,458	(3,097,814)	(3,672,272)
Revenues and other financing sources over (under) expenditures and other uses	(1,299,691)	639,865	(659,826)	(2,963,803)	(3,274,721)
Fund balance at beginning of year (Non-GAAP budgetary basis)	15,038,911		15,038,911	14,320,879	
Fund balance at end of year (Non-GAAP budgetary basis)	\$ 13,739,220		\$ 14,379,085	\$ 11,357,076	
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Revenue and transfer accruals				396,401	
Fund balance at end of year (GAAP basis)				\$ 11,753,477	

**City of Elk City Oklahoma
Economic Development
Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2023**

	Original Budget	Revisions	Revised Budget	Actual	Variance - Favorable (Unfavorable)
<u>REVENUES</u>					
Miscellaneous income	\$ 2,500	\$ -	\$ 2,500	\$ -	\$ (2,500)
Interest	600	400	1,000	2,335	1,335
Total revenues	3,100	400	3,500	2,335	(1,165)
<u>EXPENDITURES</u>					
<u>Economic Development</u>					
Personal services	-	-	-	-	-
Materials & supplies	-	600	600	587	13
Other charges & services	193,900	(5,600)	188,300	201,280	(12,980)
Capital outlay	-	5,000	5,000	-	5,000
Total expenditures	193,900	-	193,900	201,867	(7,967)
Revenue over (under) expenditures	(190,800)	400	(190,400)	(199,532)	6,802
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating transfers in/(out)	-	-	-	28,090	28,090
Net other financing sources (uses)	-	-	-	28,090	28,090
Revenues and other financing sources over (under) expenditures and other uses	(190,800)	400	(190,400)	(171,442)	
Fund balance at beginning of year (Non-GAAP budgetary basis)			3,428,222	(520,248)	
Fund balance at end of year (Non-GAAP budgetary basis)			\$ 3,237,822	\$ (691,690)	
<u>ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</u>					
Revenue and transfer accruals				690,204	
Fund balance at end of year (GAAP basis)				<u>\$ (1,486)</u>	

Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Oklahoma Police Pension Retirement Plan
Year Ended June 30, 2023

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>	<u>2023*</u>
City's portion of the net pension liability (asset)	0.3548%	0.3630%	0.3969%	0.4111%	0.4040%	0.1681%	0.4440%	0.4005%	0.4163%
City's proportionate share of the net pension liability (asset)	\$ (119,445)	\$ 14,802	\$ 607,830	\$ 31,622	\$ (192,442)	\$ (10,732)	\$ 510,352	\$ (1,921,434)	\$ (333,802)
City's covered-employee payroll	\$ 1,527,970	\$ 1,626,148	\$ 1,633,738	\$ 1,700,025	\$ 1,836,557	\$ 1,999,675	\$ 1,932,705	\$ 2,188,356	\$ 1,401,045
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-8%	1%	37%	2%	-10%	-1%	26%	-88%	-24%
Plan fiduciary net position as a percentage of the total pension liability	149.70%	99.99%	99.60%	100.00%	100.01%	100.00%	99.98%	100.08%	100.01%

* The amount presented for each fiscal year were determined as of the fiscal year-end that occurred previous

SCHEDULE OF CITY CONTRIBUTIONS
Oklahoma Police Pension Retirement Plan

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>	<u>2023*</u>
Contractually required contribution	\$ 129,023	\$ 133,394	\$ 152,164	\$ 161,172	\$ 179,063	\$ 186,112	\$ 160,867	\$ 193,829	\$ 182,136
Contributions in relation to the contractually required contribution	<u>(129,023)</u>	<u>(133,394)</u>	<u>(152,164)</u>	<u>(161,172)</u>	<u>(179,063)</u>	<u>(186,112)</u>	<u>(160,867)</u>	<u>(193,829)</u>	<u>(182,136)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,527,970	\$ 1,626,148	\$ 1,633,738	\$ 1,700,025	\$ 1,836,557	\$ 1,999,675	\$ 1,932,705	\$ 2,188,356	\$ 1,401,045
Contributions as a percentage of covered-employee payroll	8.44%	8.20%	9.31%	9.48%	9.75%	9.31%	8.32%	8.86%	13.00%

** Only the current fiscal year is presented because 10-year data is not yet available

Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Oklahoma Fire Pension Retirement Plan
Year Ended June 30, 2023

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>	<u>2023*</u>
City's portion of the net pension liability (asset)	0.4238%	0.4524%	0.4263%	0.4447%	0.3925%	0.1647%	0.1365%	0.3788%	0.3735%
City's proportionate share of the net pension liability (asset)	\$ 5,013,129	\$ 4,801,838	\$ 5,207,678	\$ 5,592,844	\$ 4,417,805	\$ 1,739,921	\$ 1,681,325	\$ 249,444	\$ 4,883,742
City's covered-employee payroll	\$ 1,489,118	\$ 1,574,246	\$ 1,613,295	\$ 1,635,251	\$ 1,853,609	\$ 1,913,600	\$ 1,917,481	\$ 2,043,060	\$ 1,098,660
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	337%	305%	323%	342%	238%	91%	88%	12%	445%
Plan fiduciary net position as a percentage of the total pension liability	96.11%	100.00%	99.57%	99.85%	99.89%	99.95%	99.96%	99.99%	99.87%

* The amount presented for each fiscal year were determined as of the fiscal year-end that occurred previous

SCHEDULE OF CITY CONTRIBUTIONS
Oklahoma Fire Pension Retirement Plan

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>	<u>2023*</u>
Contractually required contribution	\$ 158,403	\$ 173,050	\$ 166,927	\$ 156,196	\$ 168,708	\$ 167,827	\$ 184,475	\$ 171,975	\$ 160,912
Contributions in relation to the contractually required contribution	<u>(158,403)</u>	<u>(173,050)</u>	<u>(166,927)</u>	<u>(156,196)</u>	<u>(168,708)</u>	<u>(167,827)</u>	<u>(184,475)</u>	<u>(171,975)</u>	<u>(160,912)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,489,118	\$ 1,574,246	\$ 1,613,295	\$ 1,635,251	\$ 1,853,609	\$ 1,913,600	\$ 1,917,481	\$ 2,043,060	\$ 1,098,660
Contributions as a percentage of covered-employee payroll	10.64%	10.99%	10.35%	9.55%	9.10%	8.77%	9.62%	8.42%	14.65%

** Only the current fiscal year is presented because 10-year data is not yet available

City of Elk City, Oklahoma
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

	Street & Alley Fund	Improvement Fund	Civil Defense	Police Special Revenue	Fire Special Revenue	Cemetery Corpus Fund	Municipal Court Fund	Animal Control Fund	Special Library Fund
ASSETS									
Cash and cash equivalents	\$ 218,414	\$ 927,299	\$ 34,529	\$ 83,347	\$ 106,016	\$ 82,130	\$ 2,148	\$ 7,037	\$ 55,186
Investments	100,000	15,000	2,000	50,000	57,000	60,000	-	-	60,000
Due from other funds	-	-	-	-	-	-	-	-	-
Prepaid asset	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 318,414</u>	<u>\$ 942,299</u>	<u>\$ 36,529</u>	<u>\$ 133,347</u>	<u>\$ 163,016</u>	<u>\$ 142,130</u>	<u>\$ 2,148</u>	<u>\$ 7,037</u>	<u>\$ 115,186</u>
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	72	49	-	3,504	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>72</u>	<u>49</u>	<u>-</u>	<u>3,504</u>	<u>-</u>	<u>-</u>
FUND BALANCES									
Restricted	318,414	-	-	-	-	142,130	-	-	-
Committed	-	-	-	-	-	-	-	7,037	-
Assigned	-	942,299	36,529	133,275	162,967	-	(1,356)	-	115,186
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	<u>318,414</u>	<u>942,299</u>	<u>36,529</u>	<u>133,275</u>	<u>162,967</u>	<u>142,130</u>	<u>(1,356)</u>	<u>7,037</u>	<u>115,186</u>
Total liabilities and fund balances	<u>\$ 318,414</u>	<u>\$ 942,299</u>	<u>\$ 36,529</u>	<u>\$ 133,347</u>	<u>\$ 163,016</u>	<u>\$ 142,130</u>	<u>\$ 2,148</u>	<u>\$ 7,037</u>	<u>\$ 115,186</u>

City of Elk City, Oklahoma
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

	Revolving Loan Fund	Carousel Maintenance	Museum Exhibit Fund	Landfill	Clearing	Public Facilities	Hotel Tax Fund	Tax Incentive Fund	ARPA Fund
ASSETS									
Cash and cash equivalents	\$ 4,429	\$ 83,470	\$ 874,098	\$ 246,308	\$ 71,561	\$ 18,349	\$ 342,379	\$ 480,345	\$ 909,959
Investments	5,000	100,000	-	450,000	-	41,000	655,500	3,610,130	-
Due from other funds	-	-	-	319	-	-	557	346	-
Prepaid asset	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 9,429</u>	<u>\$ 183,470</u>	<u>\$ 874,098</u>	<u>\$ 696,627</u>	<u>\$ 71,561</u>	<u>\$ 59,349</u>	<u>\$ 998,436</u>	<u>\$ 4,090,821</u>	<u>\$ 909,959</u>
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 397	\$ -	\$ -	\$ 2,915	\$ -
Due to other funds	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>397</u>	<u>-</u>	<u>-</u>	<u>2,915</u>	<u>-</u>
FUND BALANCES									
Restricted	-	-	-	-	-	-	-	4,087,906	-
Committed	-	-	-	696,627	-	59,349	998,436	-	-
Assigned	9,429	183,470	874,098	-	-	-	-	-	-
Unassigned	-	-	-	-	71,164	-	-	-	909,959
Total fund balances	<u>9,429</u>	<u>183,470</u>	<u>874,098</u>	<u>696,627</u>	<u>71,164</u>	<u>59,349</u>	<u>998,436</u>	<u>4,087,906</u>	<u>909,959</u>
Total liabilities and fund balances	<u>\$ 9,429</u>	<u>\$ 183,470</u>	<u>\$ 874,098</u>	<u>\$ 696,627</u>	<u>\$ 71,561</u>	<u>\$ 59,349</u>	<u>\$ 998,436</u>	<u>\$ 4,090,821</u>	<u>\$ 909,959</u>

City of Elk City, Oklahoma
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

	Paving Fund	Toys for Kids	125 Reimburseme nt	Total Non-Major Funds
ASSETS				
Cash and cash equivalents	\$ 232	\$ 33,721	\$ 11,212	\$ 4,592,169
Investments	-	-	-	5,205,630
Due from other funds	-	-	-	1,222
Prepaid asset	-	-	-	-
Total assets	<u>\$ 232</u>	<u>\$ 33,721</u>	<u>\$ 11,212</u>	<u>\$ 9,799,021</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 3,312
Due to other funds	-	-	-	3,625
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,937</u>
FUND BALANCES				
Restricted	-	-	-	4,548,450
Committed	-	-	-	1,761,449
Assigned	-	-	11,212	2,467,109
Unassigned	<u>232</u>	<u>33,721</u>	<u>-</u>	<u>1,015,076</u>
Total fund balances	<u>232</u>	<u>33,721</u>	<u>11,212</u>	<u>9,792,084</u>
Total liabilities and fund balances	<u>\$ 232</u>	<u>\$ 33,721</u>	<u>\$ 11,212</u>	<u>\$ 9,799,021</u>

City of Elk City, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds (continued)
June 30, 2022

	Street & Alley Fund	Improvement Fund	Civil Defense	Police Special Revenue	Fire Special Revenue	Cemetery Corpus Fund	Municipal Court Fund	Animal Control Fund	Special Library Fund
<u>REVENUES</u>									
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	13,060	-
Fines & forfeitures	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-
Other income	-	-	-	3,643	69,275	-	242	-	-
Donations	-	-	-	-	-	-	-	-	-
Interest income	23	44	5	901	193	159	-	250	127
Total revenues	23	44	5	4,544	69,468	159	242	13,310	127
<u>EXPENDITURES</u>									
General government:									
General government	-	6,162	-	-	-	-	-	-	-
Total general government	-	6,162	-	-	-	-	-	-	-
Public safety and judiciary:									
Police	-	-	-	2,020	-	-	-	-	-
Municipal court	-	-	-	-	-	-	540	-	-
Fire	-	-	-	-	41,063	-	-	-	-
Animal control	-	-	-	-	-	-	-	11,375	-
Total public safety and judiciary	-	-	-	2,020	41,063	-	540	11,375	-
Transportation:									
Street	-	-	-	-	-	-	-	-	-
Total transportation	-	-	-	-	-	-	-	-	-
Cultural, parks and recreation:									
Musuem	-	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-	-
Total cultural, parks and recreation	-	-	-	-	-	-	-	-	-
Public Service:									
Landfill	-	-	-	-	-	-	-	-	-
Total public services	-	-	-	-	-	-	-	-	-
Economic Development:									
Economic development	-	-	-	-	-	-	-	-	-
Total economic development	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	-	6,162	-	2,020	41,063	-	540	11,375	-
Excess (deficiency) of revenues over expenditures	23	(6,118)	5	2,524	28,405	159	(298)	1,935	127
<u>OTHER FINANCING SOURCES (USES)</u>									
Transfers in/(out)	218,391	933,417	34,524	2,029	-	81,971	-	-	55,059
Total other financing sources and uses	218,391	933,417	34,524	2,029	-	81,971	-	-	55,059
Net change in fund balances	218,414	927,299	34,529	4,553	28,405	82,130	(298)	1,935	55,186
Fund balances - beginning	100,000	15,000	2,000	128,722	134,562	60,000	(1,058)	5,102	60,000
Fund balances - ending	\$ 318,414	\$ 942,299	\$ 36,529	\$ 133,275	\$ 162,967	\$ 142,130	\$ (1,356)	\$ 7,037	\$ 115,186

City of Elk City, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds (continued)
June 30, 2022

	Revolving Loan Fund	Carousel Maintenance	Museum Exhibit Fund	Landfill	Clearing	Public Facilities	Hotel Tax Fund	Tax Incentive Fund	APRA Fund	Paving Fund
<u>REVENUES</u>										
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 218,144	\$ -	\$ -
Charges for services	-	-	-	-	-	-	499,248	-	-	-
Fines & forfeitures	-	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	241,758	-	24	-	-	-
Donations	-	-	-	-	-	-	-	-	-	-
Interest income	-	255	-	9,537	3,294	-	12,082	59,658	-	-
Total revenues	-	255	-	9,537	245,052	-	511,354	277,802	-	-
<u>EXPENDITURES</u>										
General government:										
General government	-	-	-	-	-	-	-	-	-	-
Total general government	-	-	-	-	-	-	-	-	-	-
Public safety and judiciary:										
Police	-	-	-	-	-	-	-	-	-	-
Municipal court	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-
Animal control	-	-	-	-	-	-	-	-	-	-
Total public safety and judiciary	-	-	-	-	-	-	-	-	-	-
Transportation:										
Street	-	-	-	-	-	-	-	-	-	-
Total transportation	-	-	-	-	-	-	-	-	-	-
Cultural, parks and recreation:										
Musuem	-	-	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-	-	-
Total cultural, parks and recreation	-	-	-	-	-	-	-	-	-	-
Public Service:										
Landfill	-	-	-	-	-	-	-	-	-	-
Total public services	-	-	-	-	-	-	-	-	-	-
Economic Development:										
Economic development	-	-	-	-	-	-	437,062	7,187	-	-
Total economic development	-	-	-	-	-	-	437,062	7,187	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-	437,062	7,187	-	-
Excess (deficiency) of revenues over expenditures	-	255	-	9,537	245,052	-	74,292	270,615	-	-
<u>OTHER FINANCING SOURCES (USES)</u>										
Transfers in/(out)	4,429	83,215	874,098	319	(242,232)	18,349	(59,853)	329,548	909,959	232
Total other financing sources and uses	4,429	83,215	874,098	319	(242,232)	18,349	(59,853)	329,548	909,959	232
Net change in fund balances	4,429	83,470	874,098	9,856	2,820	18,349	14,439	600,163	909,959	232
Fund balances - beginning	5,000	100,000	-	686,771	68,344	41,000	983,997	3,487,743	-	-
Fund balances - ending	<u>\$ 9,429</u>	<u>\$ 183,470</u>	<u>\$ 874,098</u>	<u>\$ 696,627</u>	<u>\$ 71,164</u>	<u>\$ 59,349</u>	<u>\$ 998,436</u>	<u>\$ 4,087,906</u>	<u>\$ 909,959</u>	<u>\$ 232</u>

City of Elk City, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds (continued)
June 30, 2022

	Toys for Kids	125 Reimburseme nt	Total Non-Major Funds
<u>REVENUES</u>			
Intergovernmental revenue	\$ -	\$ -	\$ 218,144
Charges for services	-	-	512,308
Fines & forfeitures	-	-	-
Rental income	-	-	-
Other income	-	-	314,942
Donations	-	-	-
Interest income	-	-	86,528
Total revenues	-	-	1,131,922
<u>EXPENDITURES</u>			
General government:			
General government	-	-	6,162
Total general government	-	-	6,162
Public safety and judiciary:			
Police	-	-	2,020
Municipal court	-	-	540
Fire	-	-	41,063
Animal control	-	-	11,375
Total public safety and judiciary	-	-	54,998
Transportation:			
Street	-	-	-
Total transportation	-	-	-
Cultural, parks and recreation:			
Musuem	-	-	-
Library	-	-	-
Total cultural, parks and recreation	-	-	-
Public Service:			
Landfill	-	-	-
Total public services	-	-	-
Economic Development:			
Economic development	-	-	444,249
Total economic development	-	-	444,249
Capital outlay	-	-	-
Total expenditures	-	-	505,409
Excess (deficiency) of revenues over expenditures	-	-	626,513
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in/(out)	33,721	11,212	3,288,388
Total other financing sources and uses	33,721	11,212	3,288,388
Net change in fund balances	33,721	11,212	3,914,901
Fund balances - beginning	-	-	5,877,183
Fund balances - ending	\$ 33,721	\$ 11,212	\$ 9,792,084

City of Elk City, Oklahoma
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2023

	Water Meter Deposit Fund	Municipal Court Bond Fund	Total Agency Funds
ASSETS			
Cash and cash equivalents	\$ 23,485	\$ 12,389	\$ 35,874
Investments	196,000	-	196,000
Total assets	<u>\$ 219,485</u>	<u>\$ 12,389</u>	<u>\$ 231,874</u>
LIABILITIES			
Due to other funds	\$ 12,762	\$ -	\$ 12,762
Bonds and deposits subject to refund	206,723	12,389	219,112
Total liabilities	<u>\$ 219,485</u>	<u>\$ 12,389</u>	<u>\$ 231,874</u>

City of Elk City, Oklahoma
Combining Statement of Fund Net Position
Proprietary Funds: Combining Industrial Authority
June 30, 2023

	Industry Fund	CAAPS Sales Tax Fund	Rock Yard Fund	Ambulance Fund	Elementary School Tax Fund	Combining Industrial Authority
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ -	\$ 96,302	\$ -	\$ 372,464	\$ 468,766
Investments	-	-	600,000	-	-	600,000
Due from other funds	1,127	-	-	-	-	1,127
Accounts receivable, net	-	-	925,452	-	-	925,452
Taxes receivable	-	276,079	-	-	138,040	414,119
Note receivable, current	-	-	-	-	-	-
Inventory	-	-	788,045	-	-	788,045
Total current assets	1,127	276,079	2,409,799	-	510,504	3,197,509
Current assets:						
Restricted assets:						
Cash, including time deposits	-	1,172,867	-	-	-	1,172,867
Investments	-	-	-	-	-	-
Total restricted assets	-	1,172,867	-	-	-	1,172,867
Noncurrent assets:						
Discount on debt issued	-	177,930	-	-	-	177,930
Capital assets (net)	5,182,785	36,318,803	738,842	107,555	-	42,347,985
Total noncurrent assets	5,182,785	36,496,733	738,842	107,555	-	42,525,915
Total assets	\$ 5,183,912	\$ 37,945,679	\$ 3,148,641	\$ 107,555	\$ 510,504	\$ 46,896,291
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 402	\$ 359,018	\$ 517,836	\$ -	\$ -	\$ 877,256
Wages payable	-	15,715	14,693	-	-	30,408
Due to other funds	-	496,000	405,618	-	-	901,618
Deferred revenue	-	-	-	-	-	-
Accrued interest payable	-	152,108	-	-	-	152,108
Notes payable, current	-	985,000	-	-	-	985,000
Total current liabilities	402	2,007,841	938,147	-	-	2,946,390
Noncurrent liabilities:						
Notes payable, non-current	-	19,885,000	-	-	-	19,885,000
Premium on debt issuance, net	-	1,097,822	-	-	-	1,097,822
Total noncurrent liabilities	-	20,982,822	-	-	-	20,982,822
Total liabilities	402	22,990,663	938,147	-	-	23,929,212
NET POSITION						
Net investment in capital assets	5,182,785	15,448,803	738,842	107,555	-	21,477,985
Restricted	-	1,172,867	-	-	-	1,172,867
Unrestricted	725	(1,666,654)	1,471,652	-	510,504	316,227
Total fund net position	\$ 5,183,510	\$ 14,955,016	\$ 2,210,494	\$ 107,555	\$ 510,504	\$ 22,967,079

City of Elk City, Oklahoma
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds: Industrial Authority
Year Ended June 30, 2023

	Industry Fund	CAAPS Sales Tax Fund	Rock Yard Fund	Ambulance Fund	Elementary School Tax Fund	Combined Industrial Authority
Operating revenues:						
Charges for services:						
Water charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer charges	-	-	-	-	-	-
Sanitation charges	-	-	-	-	-	-
Sale of fuel and rock	-	-	3,217,138	-	-	3,217,138
Utility surcharges	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Total charges for services	-	-	3,217,138	-	-	3,217,138
Lease and rental income	-	-	-	-	-	-
Other fees and charges	-	12	12,512	-	-	12,524
Total operating revenues	-	12	3,229,650	-	-	3,229,662
Operating expenses:						
Cost of sales	-	-	3,015,212	-	-	3,015,212
Personal services	-	11,137	275,673	-	-	286,810
Materials and supplies	-	-	116,052	-	-	116,052
Other services and charges	-	6,389	80,376	-	2,000	88,765
Depreciation and amortization	237,927	1,003,738	72,717	4,781	-	1,319,163
Total operating expenses	237,927	1,021,264	3,560,030	4,781	2,000	4,826,002
Net operating income	(237,927)	(1,021,252)	(330,380)	(4,781)	(2,000)	(1,596,340)
Nonoperating revenue (expense):						
Sales tax	-	3,264,377	-	-	1,632,189	4,896,566
Investment income	-	16,915	13,232	-	8,381	38,528
Intergovernmental revenue	-	-	-	-	-	-
Interest expense	-	(580,973)	-	-	(68,807)	(649,780)
Total nonoperating revenue (expense)	-	2,700,319	13,232	-	1,571,763	4,285,314
Net Income before contributions and transfers	(237,927)	1,679,067	(317,148)	(4,781)	1,569,763	2,688,974
Transfers from other funds	-	-	-	-	96,733	96,733
Transfers to other funds	-	(8,018,651)	(292,604)	-	-	(8,311,255)
Transfer to other governments	-	-	-	-	-	-
Change in fund net position	(237,927)	(6,339,584)	(609,752)	(4,781)	1,666,496	(5,525,548)
Net position-beginning of year	5,421,437	21,294,600	2,820,246	112,336	(1,155,992)	28,492,627
Prior year restatement	-	-	-	-	-	-
Net position-end of year	\$ 5,183,510	\$ 14,955,016	\$ 2,210,494	\$ 107,555	\$ 510,504	\$ 22,967,079

City of Elk City, Oklahoma
Combining Statement of Fund Net Position
Proprietary Funds: Public Works Authority
June 30, 2023

	Gross Revenue Fund	Drinking Water SRF Fund	Water System Improvement Fund	Combined Public Works Authority
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,383	\$ -	\$ -	\$ 1,383
Investments	702,000	-	-	702,000
Due from other funds	2,360,009	-	-	2,360,009
Accounts receivable, net	534,363	-	-	534,363
Taxes receivable	10,609	-	-	10,609
Note receivable, current	-	-	-	-
Inventory	528,618	-	-	528,618
Total current assets	<u>4,136,982</u>	<u>-</u>	<u>-</u>	<u>4,136,982</u>
Current assets:				
Restricted assets:				
Cash, including time deposits	-	-	443,415	443,415
Investments	-	-	-	-
Total restricted assets	<u>-</u>	<u>-</u>	<u>443,415</u>	<u>443,415</u>
Noncurrent assets:				
Discount on debt issued	-	-	-	-
Capital assets (net)	30,393,569	6,486,080	-	36,879,649
Total noncurrent assets	<u>30,393,569</u>	<u>6,486,080</u>	<u>-</u>	<u>36,879,649</u>
Total assets	<u>\$ 34,530,551</u>	<u>\$ 6,486,080</u>	<u>\$ 443,415</u>	<u>\$ 41,460,046</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 50,097	\$ -	\$ -	\$ 50,097
Payroll liabilities	366,683	-	-	366,683
Due to other funds	71,374	-	-	71,374
Deferred revenue	-	-	-	-
Accrued interest payable	-	-	-	-
Notes payable, current	582,331	-	-	582,331
Total current liabilities	<u>1,070,485</u>	<u>-</u>	<u>-</u>	<u>1,070,485</u>
Noncurrent liabilities:				
Notes payable, non-current	-	-	-	-
Premium on debt issuance, net	595,992	-	-	595,992
Total noncurrent liabilities	<u>595,992</u>	<u>-</u>	<u>-</u>	<u>595,992</u>
Total liabilities	<u>1,666,477</u>	<u>-</u>	<u>-</u>	<u>1,666,477</u>
NET POSITION				
Net investment in capital assets	29,811,238	6,486,080	-	36,297,318
Restricted	-	-	443,415	443,415
Unrestricted	<u>3,052,836</u>	<u>-</u>	<u>-</u>	<u>3,052,836</u>
Total fund net position	<u>\$ 32,864,074</u>	<u>\$ 6,486,080</u>	<u>\$ 443,415</u>	<u>\$ 39,793,569</u>

City of Elk City, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2023

	Gross Revenue Fund	Drinking Water SRF Fund	Water System Improvement Fund	Combined Public Works Authority
<u>Operating revenues:</u>				
Charges for services:				
Water charges	\$ 2,343,838	\$ -	\$ -	\$ 2,343,838
Sewer charges	758,468	-	-	758,468
Sanitation charges	2,272,113	-	-	2,272,113
Sale of fuel and rock	-	-	-	-
Utility surcharges	436,302	-	-	436,302
Penalties	72,755	-	-	72,755
Total charges for services	5,883,476	-	-	5,883,476
Lease and rental income	-	-	-	-
Other fees and charges	97,170	-	-	97,170
Total operating revenues	5,980,646	-	-	5,980,646
<u>Operating expenses:</u>				
Cost of sales	-	-	-	-
Personal services	2,546,246	-	-	2,546,246
Materials and supplies	1,987,895	-	3,683	1,991,578
Other services and charges	551,555	-	500	552,055
Depreciation and amortization	1,985,061	-	-	1,985,061
Total operating expenses	7,070,757	-	4,183	7,074,940
Net operating income	(1,090,111)	-	(4,183)	(1,094,294)
<u>Nonoperating revenue (expense):</u>				
Sales tax	-	-	-	-
Investment income	21,158	-	1,891	23,049
Intergovernmental revenue	104,877	-	598,470	703,347
Bad debt expense	(15,672)	-	-	(15,672)
Interest expense	(120,220)	-	(9,793)	(130,013)
Total nonoperating revenue (expense)	(9,857)	-	590,568	580,711
Net Income before contributions and transfers	(1,099,968)	-	586,385	(513,583)
Transfers from other funds	13,186,120	-	50,000	13,236,120
Transfers to other funds	(2,058,047)	-	(370,807)	(2,428,854)
Transfer to other governments	-	-	-	-
Change in fund net position	10,028,105	-	265,578	10,293,683
Net position-beginning of year	23,957,239	6,486,080	177,837	30,621,156
Prior year restatement	(1,121,270)	-	-	(1,121,270)
Net position-end of year	\$ 32,864,074	\$ 6,486,080	\$ 443,415	\$ 39,793,569

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 City Council
City of Elk 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 City of Elk City, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Elk City, Oklahoma's basic financial statements and have issued our report thereon dated June 25, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

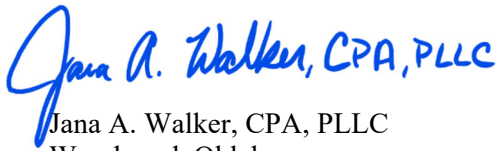
As part of obtaining reasonable assurance about whether City of Elk City, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2023-001.

City of Elk City, Oklahoma's Response to Findings

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

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.



Jana A. Walker, CPA, PLLC
Woodward, Oklahoma
June 25, 2024

CITY OF ELK CITY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title		Federal Assistance Listing	Program or Award Amount	Federal Expenditures
<u>U.S. Department of Transportation:</u>				
Federal Aviation Administration - Airport Improvement Program				
MIRLS/PAPIS/AWOS	FAA 3-40-0027-021-2021	20.106	471,722	81,899
Coronavirus State and Local Fiscal Recovery Funds	FAA-3-40-0027-023-2022	20.106	45,000	45,000
<u>Passed through the Oklahoma Aeronautics Commission:</u>				
AWOS	ELK-22-FS	20.106	372,071	113,034
Sub-total U.S. Department of Transportation			<u>888,793</u>	<u>239,933</u>
<u>U.S. Department of Treasury:</u>				
Coronavirus State and Local Fiscal Recovery Funds	ARPA	21.027	1,010,992	1,119,318
Sub-total U.S. Department of Treasury			<u>1,010,992</u>	<u>1,119,318</u>
<u>U.S. Department of Justice:</u>				
District Attorneys Council				
JAG LLE 2020	COPS GRANT - SRO	16.710	125,000	31,888
Sub-total U.S. Department of Justice			<u>125,000</u>	<u>31,888</u>
<u>U.S. Department of Homeland Security:</u>				
Department of Emergency Management				
Assistance to Firefighters Grant	AFG EMW-2021-FG-02202	97.044	65,508	9,429
Sub-total U.S. Department of Homeland Security			<u>65,508</u>	<u>9,429</u>
Total of Expenditures of Federal Awards			<u>\$ 2,090,293</u>	<u>\$ 1,400,568</u>

Note A - This schedule was prepared on an accrual (GAAP) basis of accounting consistent with the preparation of the basic financial statements.

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

To the City Council
City of Elk City, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, City of Elk City, Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

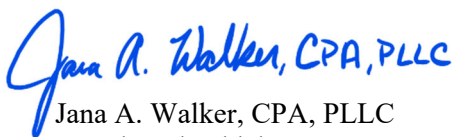
Report on Internal Control over Compliance

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

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

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

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


Jana A. Walker, CPA, PLLC
Woodward, Oklahoma
June 25, 2024

City of Elk City, Oklahoma
Schedule of Findings and Questioned Cost
Year Ended June 30, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____yes X no

Significant deficiency(ies) identified? _____yes X none reported

Noncompliance material to financial statements noted? _____yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? _____yes X no

Significant deficiency(ies) identified? _____yes X none reported

Type of auditor’s report issued on noncompliance
for major federal programs: Unmodified

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR 200.516(a)? _____yes X no

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish
Between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ Yes X no

(Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS

FINDING 2023-001 Lack of Timely Filed Audit

Condition: Audit report issued after allotted 150 days from year end.

Criteria: In accordance with the Oklahoma Water Resource Board loan agreement, Article II, 2.7(D)(4) the City shall furnish copies of the reports of the financial audit within 150 days after the end of each fiscal year.

Cause: Prior auditor that was engaged withdrew from the engagement due to no longer performing financial statement audits as a firm. An alternative firm was engaged after the City was forced to switch professional providers for these services.

Effect or Potential Effect: Debt covenant violation.

Recommendation: Ensure records are available for inspection after year end in a timely manner.

Response: Management will make arrangements to have their records inspected quicker after year end to ensure the timely completion of an audit. Due to the lack of governmental auditors registered in the State of Oklahoma, it is next to impossible to schedule an audit to be complete by November 30th which is 31 days earlier than required by the State Statute.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

SECTION IV – PRIOR YEAR FINDINGS

There was no Single Audit performed in the prior year and no financial statement findings reported.

SECTION V – CORRECTIVE ACTION PLAN

Management will engage an independent financial statement auditor prior to year-end and ensure records are available for inspection in a timely manner after year end to complete the audit