

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

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

**FOR THE YEAR ENDED
JUNE 30, 2024**

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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, 2024, 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, 2024, 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

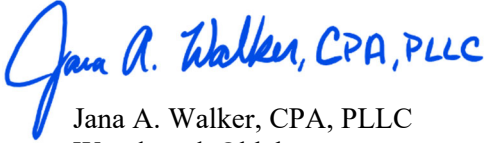
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and net pension schedules on pages 4–11 and 39–41 be presented to supplement the basic financial statements. Such information is the responsibility 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 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2025, 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
March 27, 2025

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, 2024. 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, 2024, the assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$132,856,749 (net position). This compared to the previous year when assets exceeded liabilities by \$132,685,901.
- The City's total net position is comprised of the following:
 - (1) Net investment in capital assets of \$97,577,543 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 \$23,323,265 accounts for assets restricted for debt service and capital construction in accordance with debt offerings.
 - (3) Unrestricted net position of \$11,955,941 represent the portion available to maintain the City's continuing obligations to citizens and creditors compared to \$8,214,880 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 \$31,391,668. This compared to prior year ending fund balance of \$32,730,617 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, 2024 was \$132,856,749. The City reported positive balances in total net position for both governmental and business-type activities, reporting \$63 million and \$69 million, respectively. The City's overall financial position improved during the fiscal year 2024.

	Summary of Net Position (in thousands)							
	Governmental Activities		Business-Type Activities		Total		Change	
	2024	2023	2024	2023	2024	2023	\$	%
Current assets	\$ 36,459	\$ 36,768	\$ 9,097	\$ 8,977	\$ 45,556	\$ 45,745	\$ (189)	0%
Non-current assets	116	334	169	178	285	512	(227)	100%
Capital assets, net	35,124	34,854	82,995	83,200	118,119	118,054	65	0%
Total assets	71,699	71,956	92,261	92,355	163,960	164,311	(351)	0%
Deferred outflow of resources	3,779	5,069	-	-	3,779	5,069	(1,290)	-25%
Current liabilities	5,067	4,038	2,642	3,667	7,709	7,705	4	0%
Non-current liabilities	4,709	4,884	20,296	20,982	25,005	25,866	(861)	-3%
Total liabilities	9,776	8,922	22,938	24,649	32,714	33,571	(857)	-3%
Deferred inflow of resources	2,167	3,123	-	-	2,167	3,123	(956)	-31%
Net position								
Net investment in capital assets	35,240	35,188	62,338	61,152	97,578	96,340	1,238	1%
Restricted	20,987	25,919	2,337	1,616	23,324	27,535	(4,211)	-15%
Unrestricted	7,308	3,873	4,648	4,938	11,956	8,811	3,145	36%
Total net position	\$ 63,535	\$ 64,980	\$ 69,323	\$ 67,706	\$ 132,858	\$ 132,686	\$ 172	0%

Net position of the City remained consistent when compared to prior year.

Total assets of the City remained consistent with prior year noting a 0% change. The deferred outflow of resources is related to the City fire and police pension plans, calculated by a third-party actuary. The change reflected a decline of \$1.3 million or 25%.

Total liabilities of the City also remained consistent between years noting a 3% change.

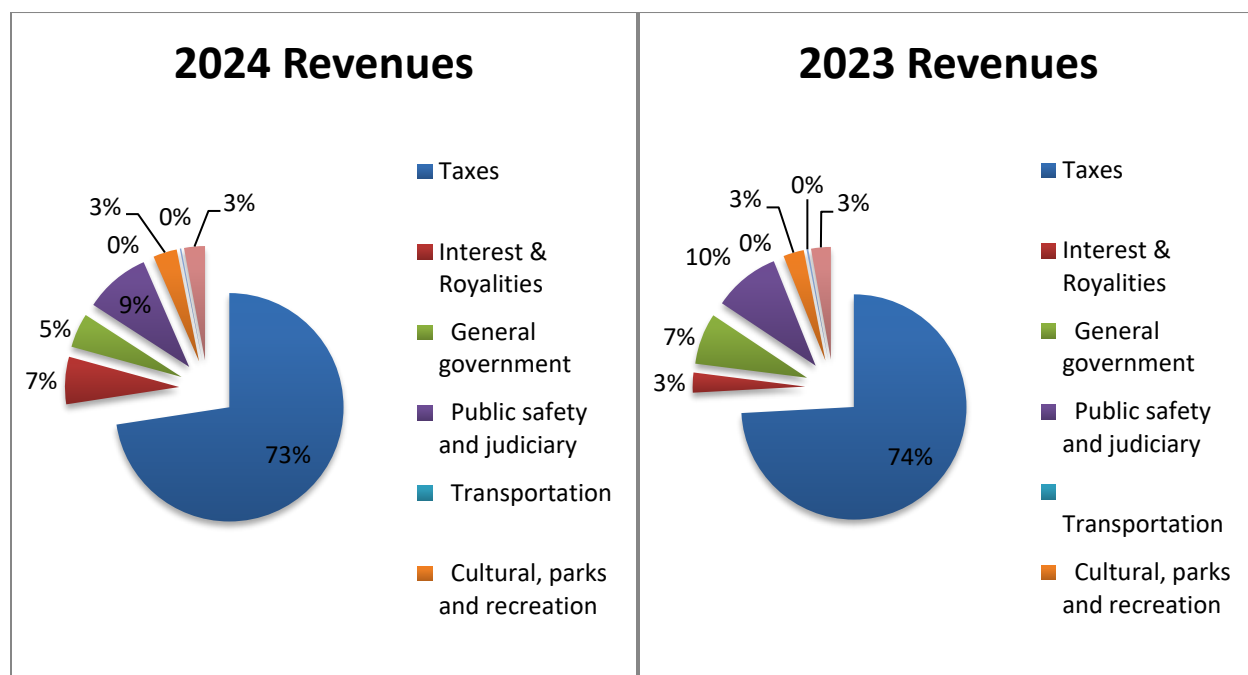
The City reported over \$118 million in capital assets with \$21 million remaining on debt used to finance their acquisition and construction.

	Summary of Changes in Net Position							
	Governmental		Business-type		Total		Change	
	2024	2023	2024	2023	2024	2023	\$	%
Revenues								
Program revenues	\$ 3,567,749	\$ 4,055,818	\$ 10,479,235	\$ 10,634,087	\$ 14,046,984	\$ 14,689,905	\$ (642,921)	-4%
Taxes and other general revenues	13,789,523	14,191,802	5,061,137	4,966,439	18,850,660	19,158,241	(307,581)	-2%
Total revenues	17,357,272	18,247,620	15,540,372	15,600,526	32,897,644	33,848,146	(950,502)	-3%
Expenses								
General government	1,834,200	2,496,815	-	-	1,834,200	2,496,815	(662,615)	-27%
Public safety and judiciary	7,702,508	7,782,800	-	-	7,702,508	7,782,800	(80,292)	-1%
Transportation	255,771	257,274	-	-	255,771	257,274.00	(1,503)	-1%
Cultural, parks, and recreation	3,151,258	3,100,506	-	-	3,151,258	3,100,506	50,752	2%
Public service	918,971	1,037,329	-	-	918,971	1,037,329	(118,358)	-11%
Economic development	3,819,020	1,029,395	-	-	3,819,020	1,029,395	2,789,625	271%
Utilities	-	-	3,585,529	3,899,575	3,585,529	3,899,575	(314,046)	-8%
Airport	-	-	684,801	704,778	684,801	704,778	(19,977)	-3%
Customer service	-	-	699,135	3,321,050	699,135	3,321,050	(2,621,915)	-79%
Industrial development	-	-	10,186,165	5,475,782	10,186,165	5,475,782	4,710,383	86%
Total expenses	17,681,728	15,704,119	15,155,630	13,401,185	32,837,358	29,105,304	3,732,054	13%
Excess (deficiency) before transfers	\$ (324,456)	\$ 2,543,501	\$ 384,742	\$ 2,199,341	\$ 60,286	\$ 4,742,842	\$ (4,682,556)	-99%
Transfer to other governments	-	-	-	-	-	-	-	100%
Transfers	(1,122,815)	(2,858,704)	1,233,377	2,858,704	110,562.00	-	110,562	0%
Increase (decrease) in net position	\$ (1,447,271)	\$ (315,203)	\$ 1,618,119	\$ 5,058,045	\$ 170,848	\$ 4,742,842	\$ (4,571,994)	-96%

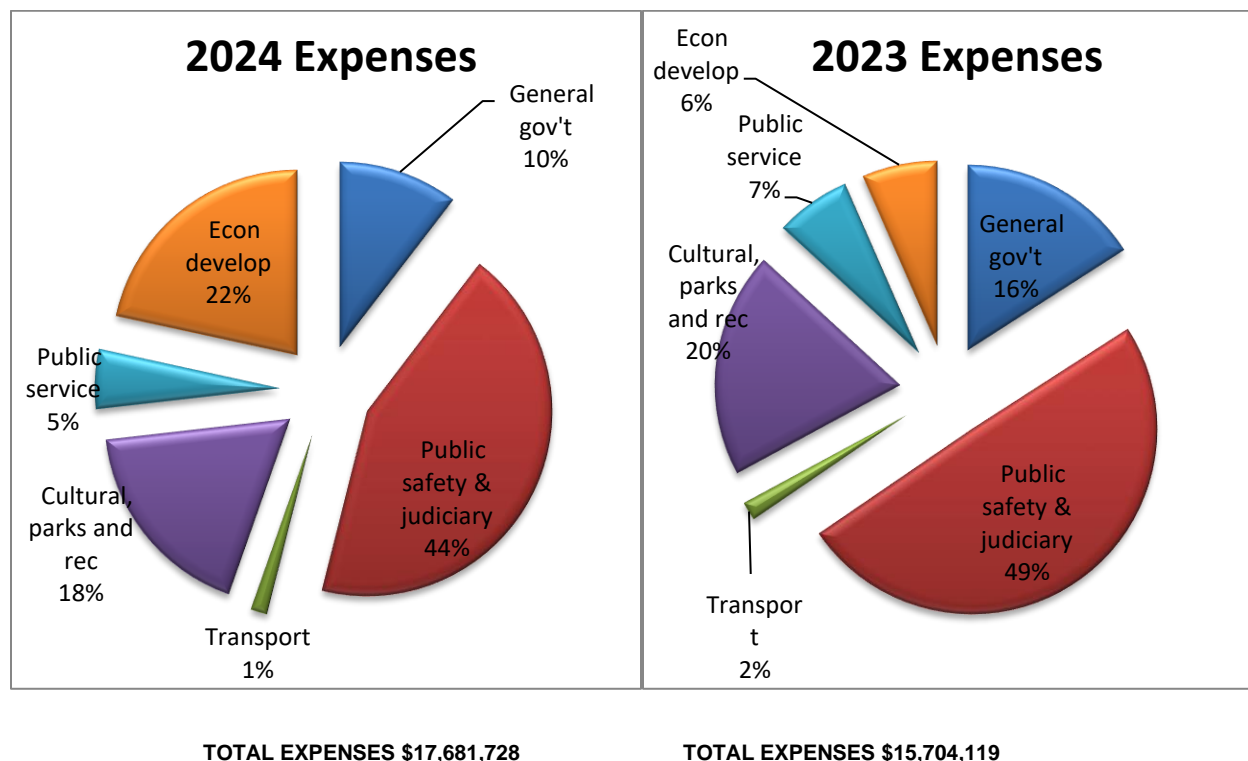
The City reported revenues consistent with prior year, noting a 3% change.

Operating expenses increased by 13% or \$3.7 million. Economic development expenses increased \$2.8 million dollars which accounts for the majority of the increase in expenses. The City has continued to invest in the community through infrastructure improvements.

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



Taxes provided 73% of the City's governmental revenues in fiscal year 2024 compared to 74% in 2023. Sources of revenues for the governmental funds remained consistent between years.

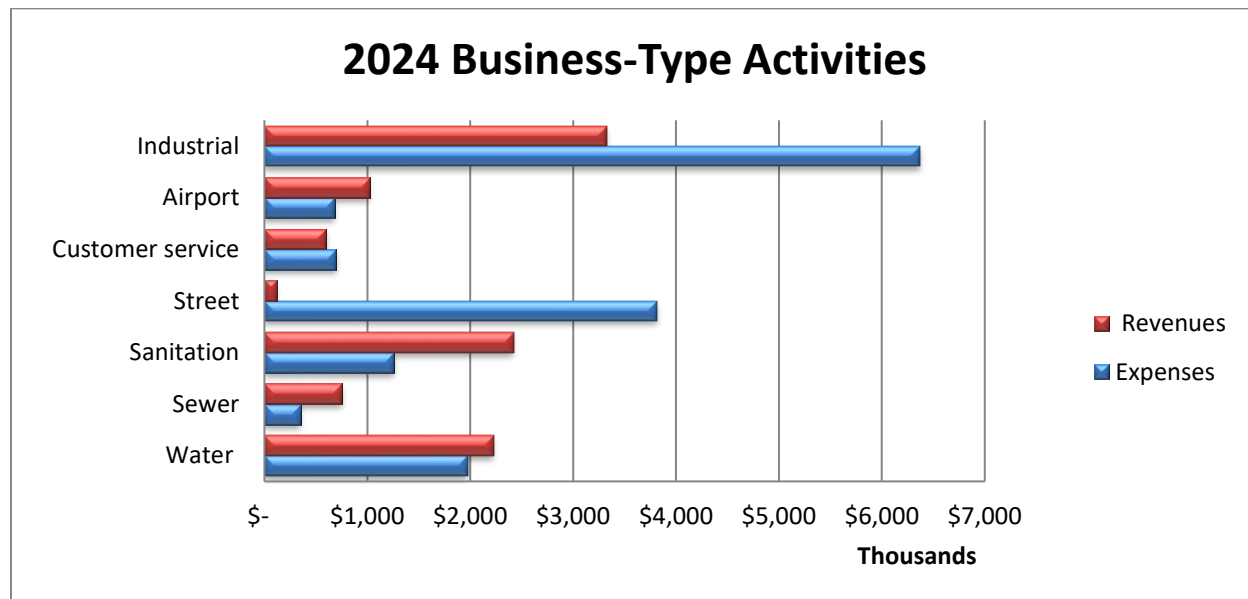


For the year ended June 30, 2024, total expenses for governmental activities were \$17,681,728. Of this amount, public safety and judiciary with \$7,702,508, was the largest operating service department at 44% of the total cost of services for the City government. This compares to prior year in which public safety

accounted for 49% 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 2024 was \$13,209,386 compared to \$11,950,847 in prior year. During the fiscal year, the City approved budget amendments totaling \$187,204 for a total budget of \$13,396,590. Total expenditures for the City were \$11,606,329, which was \$1,790,261 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, 2024, the City had \$97,577,543 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			
	2024	2023	2024	2023	2024	2023
Land and CIP	\$ 5,852	\$ 5,851	\$ 1,614	\$ 14,583	\$ 7,466	\$ 20,434
Buildings	18,341	16,494	33,881	33,037	52,222	49,531
Machinery & equipment	28,319	27,705	14,543	13,178	42,862	40,883
Utility property & improvements	47,206	46,792	81,846	66,255	129,052	113,047
Total cost	\$ 99,718	\$ 96,842	\$ 131,884	\$ 127,053	\$ 231,602	\$ 223,895
Accumulated depreciation	64,594	61,758	48,888	43,910	113,482	105,668
Total capital assets, net	\$ 35,124	\$ 35,084	\$ 82,996	\$ 83,143	\$ 118,120	\$ 118,227

Long-Term Liabilities

At year-end, the City had \$25,004,808 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			
	2024	2023	2024	2023	2024	2023
Notes payable	\$ -	\$ -	\$ 20,658,000	\$ 22,048,323	\$ 20,658,000	\$ 22,048,323
Compensated absences	698,346	-	215,668	-	914,014	-
Pension obligation	4,010,752	4,883,742	-	-	4,010,752	4,883,742
Premium on debt issuance	-	-	1,040,042	1,097,822	1,040,042	1,097,822
less current portion	-	-	(1,618,000)	(2,163,323)	(1,618,000)	(2,163,323)
Total long term debt	\$ 4,709,098	\$ 4,883,742	\$ 20,295,710	\$ 20,982,822	\$ 25,004,808	\$ 25,866,564

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, 2024

ASSETS	Primary Government		Total
	Governmental Activities	Business-type Activities	
Current Assets:			
Cash and cash equivalents	\$ 7,467,708	\$ 2,078,550	\$ 9,546,258
Investments	4,536,102	102,000	4,638,102
Due from other governments	1,077,331	-	1,077,331
Accounts receivable (net)	142,240	1,335,579	1,477,819
Other receivables	-	443,340	443,340
Inventory	10,624	1,845,749	1,856,373
Prepaid asset	27,614	-	27,614
Due from other funds	(922,143)	954,750	32,607
Total current assets	12,339,476	6,759,968	19,099,444
Restricted assets:			
Cash and cash equivalents	4,566,159	2,336,660	6,902,819
Investments	19,553,403	-	19,553,403
Total restricted assets	24,119,562	2,336,660	26,456,222
Noncurrent Assets:			
Discount on debt issued	-	168,565	168,565
Pension asset	115,918	-	115,918
Land and construction in progress	5,851,933	1,614,071	7,466,004
Other capital assets (net of accumulated depreciation)	29,271,800	81,381,821	110,653,621
Total noncurrent assets	35,239,651	83,164,457	118,404,108
Total assets	\$ 71,698,689	\$ 92,261,085	\$ 163,959,774
DEFERRED OUTFLOW OF RESOURCES			
Deferred charges on pension obligations	3,778,937	-	3,778,937
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,186,824	\$ 761,664	\$ 2,948,488
Payroll liabilities	319,507	114,698	434,205
Accrued payables	2,561,039	148,058	2,709,097
Notes payable, current	-	1,618,000	1,618,000
Total current liabilities	5,067,370	2,642,420	7,709,790
Noncurrent liabilities:			
Compensated absences	698,346	215,668	914,014
Pension obligation	4,010,752	-	4,010,752
Notes payable, non-current	-	19,040,000	19,040,000
Premium on debt issuance	-	1,040,042	1,040,042
Total noncurrent liabilities	4,709,098	20,295,710	25,004,808
Total liabilities	9,776,468	22,938,130	32,714,598
DEFERRED INFLOW OF RESOURCES			
Deferred charges on pension obligations	2,167,364	-	2,167,364
NET POSITION			
Net investment in capital assets	35,239,651	62,337,892	97,577,543
Reserved for restricted purposes	20,986,605	2,336,660	23,323,265
Unrestricted	7,307,538	4,648,403	11,955,941
Total net position	\$ 63,533,794	\$ 69,322,955	\$ 132,856,749

City of Elk City, Oklahoma
Statement of Activities
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 1,834,200	\$ 72,270	\$ 764,638	\$ -	\$ (997,292)
Public safety and judiciary	7,702,508	1,480,366	127,120	-	(6,095,022)
Transportation	255,771	-	-	-	(255,771)
Cultural, parks and recreation	3,151,258	571,197	9,605	-	(2,570,456)
Public service	918,971	34,910	-	-	(884,061)
Economic development	3,819,020	507,643	-	-	(3,311,377)
Total governmental activities	17,681,728	2,666,386	901,363	-	(14,113,979)
Business-type activities:					
Water	1,973,847	2,230,471	-	-	256,624
Sewer	352,847	758,266	-	-	405,419
Sanitation	1,258,835	2,423,148	-	-	1,164,313
Streets	3,814,678	-	116,901	-	(3,697,777)
Customer service	699,135	599,925	-	-	(99,210)
Airport	684,801	388,739	-	634,253	338,191
Economic development	6,376,867	3,312,944	-	19,968	(3,043,955)
Total business-type activities	15,161,010	9,713,493	116,901	654,221	(4,676,395)
Total primary government	\$ 32,842,738	\$ 12,379,879	\$ 1,018,264	\$ 654,221	\$ (18,790,374)

City of Elk City, Oklahoma
Statement of Activities (continued)
Year Ended June 30, 2024

Changes in Net Position:

	Governmental Activities	Business-type Activities	Total
Net (expense)/revenue	\$ (14,113,979)	\$ (4,676,395)	\$ (18,790,374)
General revenues:			
Taxes:			
Sales tax	9,914,362	4,952,486	14,866,848
Use tax	1,686,567	-	1,686,567
Franchise tax	500,786	-	500,786
Other taxes	228,891	-	228,891
Oil and gas royalties	162,598	-	162,598
Miscellaneous income	143,246	-	143,246
Investment income	1,153,073	108,651	1,261,724
Transfers internal activity	(1,122,815)	1,233,377	110,562
Total general revenues and transfers	<u>12,666,708</u>	<u>6,294,514</u>	<u>18,961,222</u>
Change in net position	(1,447,271)	1,618,119	170,848
Net position-beginning	64,981,065	67,704,836	132,685,901
Prior period adjustment	-	-	-
Net position-ending	<u><u>\$ 63,533,794</u></u>	<u><u>\$ 69,322,955</u></u>	<u><u>\$ 132,856,749</u></u>

City of Elk City, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	Capital Projects	Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 8,108,210	\$ 1,886,997	\$ 2,038,660	\$ 12,033,867
Investments	10,536,102	8,347,773	5,205,630	24,089,505
Taxes receivable	787,584	289,061	686	1,077,331
Accounts receivable	142,240	-	-	142,240
Due from other funds	1,166,476	2,171	-	1,168,647
Inventory	10,624	-	-	10,624
Prepaid asset	27,614	-	-	27,614
Total assets	<u>\$ 20,778,850</u>	<u>\$ 10,526,002</u>	<u>\$ 7,244,976</u>	<u>\$ 38,549,828</u>
LIABILITIES				
Accounts payable	\$ 158,225	\$ 199,174	\$ 1,829,425	\$ 2,186,824
Due to other funds	2,079,997	-	10,793	2,090,790
Payroll liabilities	319,507	-	-	319,507
Other accrued liabilities	2,561,039	-	-	2,561,039
Total liabilities	<u>5,118,768</u>	<u>199,174</u>	<u>1,840,218</u>	<u>7,158,160</u>
FUND BALANCES				
Nonspendable	10,624	-	-	10,624
Restricted	-	-	2,436,079	2,436,079
Committed	6,000,000	10,326,828	2,223,698	18,550,526
Assigned	-	-	641,902	641,902
Unassigned	9,649,458	-	103,079	9,752,537
Total fund balances	<u>15,660,082</u>	<u>10,326,828</u>	<u>5,404,758</u>	<u>31,391,668</u>
Total liabilities and fund balances	<u>\$ 20,778,850</u>	<u>\$ 10,526,002</u>	<u>\$ 7,244,976</u>	<u>\$ 38,549,828</u>
Total fund balance- total governmental funds				\$ 31,391,668
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	93,865,876	
		Less: Accumulated depreciation	<u>(64,594,076)</u>	35,123,733
Long-term portion of liabilities are not due and payable in the current period and are not reported				
		Compensated absences	(698,346)	
		Deferred outflows(inflows) on pension (1,611,573	
		Net pension (obligation)/asset	<u>(3,894,834)</u>	(2,981,607)
Net position of governmental activities				<u>\$ 63,533,794</u>

City of Elk City, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2024

	General Fund	Capital Projects	Non-Major Funds	Total Governmental Funds
<u>REVENUES</u>				
Sales tax	\$ 6,603,316	\$ 3,301,658	\$ 9,388	\$ 9,914,362
Use tax	1,686,567	-	-	1,686,567
Franchise tax	500,786	-	-	500,786
Tobacco tax	91,632	-	-	91,632
Licenses and permits	47,343	-	-	47,343
Rents & royalties	193,620	-	-	193,620
Fines and forfeitures	109,904	-	-	109,904
Charges for services	2,556,283	-	523,568	3,079,851
Intergovernmental revenues	413,792	14,476	-	428,268
Donations	1,217	-	7,403	8,620
Other revenues	51,621	83,870	7,755	143,246
Interest	914,287	27,054	211,732	1,153,073
Total revenues	13,170,368	3,427,058	759,846	17,357,272
<u>EXPENDITURES</u>				
General government:				
Managerial	1,396	-	-	1,396
City clerk	623,063	-	-	623,063
City treasurer	111,541	-	-	111,541
Information technology	340,246	-	-	340,246
Youth and family	140,096	-	-	140,096
General government	133,311	324,367	-	457,678
Total general government	1,349,653	324,367	-	1,674,020
Public safety and judiciary:				
Police	3,557,338	-	4,916	3,562,254
Municipal court	158,159	-	970	159,129
Animal control	268,131	-	-	268,131
Fire	2,163,524	-	35,237	2,198,761
Ambulance	999,499	-	10,875	1,010,374
Total public safety and judiciary	7,146,651	-	51,998	7,198,649
Cultural, parks and recreation:				
Museum	473,904	-	-	473,904
Library	383,958	-	-	383,958
Civic center	125,205	-	-	125,205
Park	1,036,807	-	-	1,036,807
Arrowhead center	617,641	-	-	617,641
CAAPS	32,855	-	-	32,855
Carousel	-	-	34,200	34,200
Total cultural, parks and recreation	2,670,370	-	34,200	2,704,570
Public service:				
Cemetery	154,157	-	-	154,157
Inspection	285,498	-	-	285,498
Total public service	439,655	-	-	439,655
Economic development:				
Economic development	-	-	3,434,877	3,434,877
Total economic development	-	-	3,434,877	3,434,877
Capital outlay	-	2,875,590	-	2,875,590
Total expenditures	11,606,329	3,199,957	3,521,075	18,327,361
Excess (deficiency) of revenues over expenditures	1,564,039	227,101	(2,761,229)	(970,089)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	3,961,674	653,545	-	4,615,219
Transfers out	(2,373,063)	(1,740,360)	(1,624,611)	(5,738,034)
Total other financing sources and uses	1,588,611	(1,086,815)	(1,624,611)	(1,122,815)
Net change in fund balances	3,152,650	(859,714)	(4,385,840)	(2,092,904)
Fund balances - beginning	11,753,477	11,186,542	9,790,598	32,730,617
Prior period adjustment	753,955	-	-	753,955
Fund balances - ending	\$ 15,660,082	\$ 10,326,828	\$ 5,404,758	\$ 31,391,668

City of Elk City, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2024

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 \$ (2,092,904)

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	2,875,590	
Depreciation expense	<u>(2,605,787)</u>	269,803

Some expenses reported in the statement of activities do not require the use
of current financial resources and are not reported as expenditures in
governmental funds.

	Current	Prior	
Compensated Absences	698,346	753,955	55,609

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.

320,221

Change in Net Position of Governmental Activities \$ (1,447,271)

City of Elk City, Oklahoma
Statement of Fund Net Position
Proprietary Funds
June 30, 2024

	Public Works Authority	Airport Authority	Industrial Authority	Total Enterprise Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 931,337	\$ 577,926	\$ 569,287	\$ 2,078,550
Investments	102,000	-	-	102,000
Due from other funds	2,487,722	72,549	1,127	2,561,398
Accounts receivable, net	584,089	2,163	749,327	1,335,579
Taxes receivable	9,749	-	433,591	443,340
Inventory	561,745	59,213	1,224,791	1,845,749
Total current assets	<u>4,676,642</u>	<u>711,851</u>	<u>2,978,123</u>	<u>8,366,616</u>
Current assets:				
Restricted assets:				
Cash, including time deposits	650,293	-	1,686,367	2,336,660
Total restricted assets	<u>650,293</u>	<u>-</u>	<u>1,686,367</u>	<u>2,336,660</u>
Noncurrent assets:				
Discount on debt issued	-	-	168,565	168,565
Capital assets (net)	37,900,355	4,814,512	40,281,025	82,995,892
Total noncurrent assets	<u>37,900,355</u>	<u>4,814,512</u>	<u>40,449,590</u>	<u>83,164,457</u>
Total assets	<u>\$ 43,227,290</u>	<u>\$ 5,526,363</u>	<u>\$ 45,114,080</u>	<u>\$ 93,867,733</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 169,682	\$ 20,167	\$ 571,815	\$ 761,664
Payroll liabilities	77,393	5,015	32,290	114,698
Due to other funds	708,739	23,890	874,019	1,606,648
Accrued interest payable	-	-	148,058	148,058
Notes payable, current	608,000	-	1,010,000	1,618,000
Total current liabilities	<u>1,563,814</u>	<u>49,072</u>	<u>2,636,182</u>	<u>4,249,068</u>
Noncurrent liabilities:				
Compensated absences	215,668	-	-	215,668
Notes payable, non-current	-	-	19,040,000	19,040,000
Premium on debt issuance, net	-	-	1,040,042	1,040,042
Total noncurrent liabilities	<u>215,668</u>	<u>-</u>	<u>20,080,042</u>	<u>20,295,710</u>
Total liabilities	<u>1,779,482</u>	<u>49,072</u>	<u>22,716,224</u>	<u>24,544,778</u>
NET POSITION				
Net investment in capital assets	37,292,355	4,814,512	20,231,025	62,337,892
Restricted	650,293	-	1,686,367	2,336,660
Unrestricted	3,505,160	662,779	480,464	4,648,403
Total fund net position	<u>\$ 41,447,808</u>	<u>\$ 5,477,291</u>	<u>\$ 22,397,856</u>	<u>\$ 69,322,955</u>

City of Elk City, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2024

	Public Works Authority	Airport Authority	Industrial Authority	Total Enterprise Funds
<u>Operating revenues:</u>				
Charges for services:				
Water charges	\$ 2,230,471	\$ -	\$ -	\$ 2,230,471
Sewer charges	758,266	-	-	758,266
Sanitation charges	2,423,148	-	-	2,423,148
Sale of fuel and rock	-	291,647	3,218,535	3,510,182
Utility surcharges	443,586	-	-	443,586
Penalties	64,960	-	-	64,960
Total charges for services	<u>5,920,431</u>	<u>291,647</u>	<u>3,218,535</u>	<u>9,430,613</u>
Lease and rental income	-	50,348	-	50,348
Other fees and charges	91,379	46,744	94,409	232,532
Total operating revenues	<u>6,011,810</u>	<u>388,739</u>	<u>3,312,944</u>	<u>9,713,493</u>
<u>Operating expenses:</u>				
Cost of sales	-	225,983	2,638,377	2,864,360
Personal services	2,582,346	70,251	323,770	2,976,367
Materials and supplies	2,163,630	44,297	700,786	2,908,713
Other services and charges	573,704	22,952	85,582	682,238
Depreciation and amortization	2,644,220	321,318	2,069,717	5,035,255
Total operating expenses	<u>7,963,900</u>	<u>684,801</u>	<u>5,818,232</u>	<u>14,466,933</u>
Net operating income	(1,952,090)	(296,062)	(2,505,288)	(4,753,440)
<u>Nonoperating revenue (expense):</u>				
Sales tax	-	-	4,952,486	4,952,486
Investment income	29,046	13,558	66,047	108,651
Intergovernmental revenue	116,901	634,253	19,968	771,122
Interest expense	(135,442)	-	(558,635)	(694,077)
Total nonoperating revenue (expense)	<u>10,505</u>	<u>647,811</u>	<u>4,479,866</u>	<u>5,138,182</u>
Net income before contributions and transfers	(1,941,585)	351,749	1,974,578	384,742
Transfers from other funds	5,559,433	1,382,456	413,282	7,355,171
Transfers to other funds	<u>(1,963,609)</u>	<u>(1,201,102)</u>	<u>(2,957,083)</u>	<u>(6,121,794)</u>
Change in fund net position	1,654,239	533,103	(569,223)	1,618,119
Net position-beginning of year	39,793,569	4,944,188	22,967,079	67,704,836
Prior year restatement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position-end of year	<u>\$ 41,447,808</u>	<u>\$ 5,477,291</u>	<u>\$ 22,397,856</u>	<u>\$ 69,322,955</u>

City of Elk City, Oklahoma
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2024

	Public Works Authority	Airport Authority	Industrial Authority
<u>Cash flows from operating activities:</u>			
Receipts from customers	\$ 5,835,231	\$ 336,828	\$ 3,156,291
Payments to suppliers	(2,013,511)	(295,305)	(4,166,932)
Payments to employees	(2,871,636)	(73,902)	(321,888)
Net cash provided (used) by operating activities	950,084	(32,379)	(1,332,529)
<u>Cash flows from non-capital financing activities:</u>			
Transfers from other funds	5,559,433	1,382,456	413,282
Transfers to other funds	(1,963,609)	(1,201,102)	(2,957,083)
Intergovernmental revenues	116,901	-	4,952,486
Net cash provided (used) by non-capital financing activities	3,712,725	181,354	2,408,685
<u>Cash flows from capital and related financing activities:</u>			
Purchase of capital assets	(3,664,926)	(1,163,599)	(2,757)
Capital grants and contributions	-	634,253	19,968
Principal paid on capital debt	(570,323)	-	(820,000)
Interest paid on capital debt	(135,442)	-	(554,585)
Net cash provided (used) by capital and related financing activities	(4,370,691)	(529,346)	(1,357,374)
<u>Cash flows from investing activities:</u>			
Change in investments	815,668	48,638	829,192
Investment income	29,046	13,558	66,047
Net cash provided (used) by investing activities	844,714	62,196	895,239
Net increase (decrease) in cash and cash equivalents	1,136,832	(318,175)	614,021
Cash & cash equivalents, beginning of the year	444,798	896,101	1,641,633
Cash & cash equivalents, end of the year	<u>\$ 1,581,630</u>	<u>\$ 577,926</u>	<u>\$ 2,255,654</u>
Cash, including time deposits	\$ 931,337	\$ 577,926	\$ 569,287
Restricted cash, including time deposits	650,293	-	1,686,367
Total cash and cash equivalents, end of year	<u>\$ 1,581,630</u>	<u>\$ 577,926</u>	<u>\$ 2,255,654</u>
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u>			
Operating income (loss)	\$ (1,952,090)	\$ (296,062)	\$ (2,505,288)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	2,644,220	321,318	2,069,717
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(49,726)	-	(176,125)
(Increase) decrease in other receivable	(126,853)	(1,444)	19,472
(Increase) decrease in inventory	(33,127)	(3,867)	(436,746)
Increase (decrease) in accounts payable	119,585	1,794	(305,441)
Increase (decrease) in payroll liabilities	(289,290)	(3,651)	1,882
Increase (decrease) in other liabilities	637,365	(50,467)	-
Total adjustments	2,902,174	263,683	1,172,759
Net cash provided (used) by operating activities	\$ 950,084	\$ (32,379)	\$ (1,332,529)

City of Elk City, Oklahoma
Statement of Fiduciary Net Position
June 30, 2024

	District 2 Drug Task Force Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 585,483	\$ 37,009
Investments	1,709,854	196,000
Due from other governments	-	-
Property, plant and equipment, net	-	-
Total assets	<u>\$ 2,295,337</u>	<u>\$ 233,009</u>
LIABILITIES		
Accounts payable	\$ 1,423	\$ -
Accrued salaries	15,107	-
Bonds and deposits subject to refund	-	215,668
Due to other funds	34,073	17,341
Total liabilities	<u>50,603</u>	<u>233,009</u>
NET ASSETS HELD IN TRUST		
District 2 drug task force funds	2,244,734	-
Net assets held in trust	<u>\$ 2,244,734</u>	<u>\$ -</u>

City of Elk City, Oklahoma
Statement of Revenues, Expenses and Changes in Fiduciary Net Position
Trust Fund
Year Ended June 30, 2024

	District 2 Drug Task Force Trust Funds
<u>ADDITIONS</u>	
Forfeitures	\$ 114,035
Other Income	28,128
Interest	81,942
Total additions	<u>224,105</u>
<u>DEDUCTIONS</u>	
Personal services	260,082
Supplies and repairs	20,546
Other charges and services	74,762
Total deductions	<u>355,390</u>
Change in net assets	(131,285)
<u>NET ASSETS HELD IN TRUST</u>	
Beginning of year	<u>2,376,019</u>
End of year	<u><u>\$ 2,244,734</u></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, 2024. 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.

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 measurement 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, 2024, 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 other investments as of June 30, 2024.

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.

CITY OF ELK CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Accounts Receivable

Governmental activities report ambulance patient receivables totaling \$277,582, net of allowance of \$135,835.

Proprietary activities report accounts receivable of \$1,601,609 comprised of amounts due from rock yard vendors and citizens for utility services provided. The City has recorded an allowance of \$266,432 based upon historical management knowledge and experience.

Capital Assets

Changes in Capital Assets

	Primary Government			
	Balance at July 1, 2023	Additions	Deletions	Balance at June 30, 2024
<u><i>Governmental Activities</i></u>				
Land and construction in process	\$ 5,851,933	\$ -	\$ -	\$ 5,851,933
Buildings & structures	16,494,594	1,846,900	-	18,341,494
Machinery, furniture, & equipment	27,705,498	613,706	-	28,319,204
Instructure & improvements	46,790,194	414,984	-	47,205,178
Total	\$ 96,842,219	\$ 2,875,590	\$ -	\$ 99,717,809
Less accumulated depreciation	61,988,289	2,605,787	-	64,594,076
Governmental fixed assets, net	<u>\$ 34,853,930</u>	<u>\$ 269,803</u>	<u>\$ -</u>	<u>\$ 35,123,733</u>
<u><i>Business-type Activities</i></u>				
Land and construction in process	\$ 14,583,453	\$ 587,000	\$ 13,556,382	\$ 1,614,071
Buildings & structures	33,035,970	845,274	-	33,881,244
Machinery, furniture, & equipment	13,178,661	1,364,352	-	14,543,013
Instructure & improvements	66,255,055	15,591,038	-	81,846,093
Total	\$ 127,053,139	\$ 18,387,664	\$ 13,556,382	\$ 131,884,421
Less accumulated depreciation	43,853,274	5,035,255	-	48,888,529
Business-type fixed assets, net	<u>\$ 83,199,865</u>	<u>\$ 13,352,409</u>	<u>\$ 13,556,382</u>	<u>\$ 82,995,892</u>
Total primary government	<u>\$ 118,053,795</u>	<u>\$ 13,622,212</u>	<u>\$ 13,556,382</u>	<u>\$ 118,119,625</u>
<u><i>Fiduciary Funds</i></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>

Business-type Assets by Fund

Capital Assets by Fund

	Public Works Authority	Airport Authority	Industrial Authority	Total Enterprise Fixed Assets
Land and CIP	\$ 1,057,496	\$ 270,000	\$ 286,575	\$ 1,614,071
Buildings & structures	1,507,639	140,979	32,232,626	33,881,244
Machinery, furniture, & equipment	10,510,400	998,457	3,034,156	14,543,013
Infrastructure & improvements	49,861,869	5,804,006	26,180,218	81,846,093
Total	62,937,404	7,213,442	61,733,575	131,884,421
Less accumulated depreciation	(25,037,049)	(2,398,930)	(21,452,550)	(48,888,529)
Business-type fixed assets, net	\$ 37,900,355	\$ 4,814,512	\$ 40,281,025	\$ 82,995,892

Depreciation Expense

Primary Government			
Governmental Activities		Business-type Activities	
General government	\$ 474,608	Water	\$ 1,290,667
Public safety & judiciary	554,000	Customer service	531,083
Transportation	255,771	Sewer	85,596
Culture, parks and recreation	458,271	Landfill	229,307
Public service	484,382	Street	261,956
Economic development	378,755	Trash	245,612
		Airport	321,318
		Industrial	2,069,716
Total depreciation expense	\$ 2,605,787	Total depreciation expense	\$ 5,035,255

CITY OF ELK CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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 \$ 15,665,000 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.

\$ 20,658,000

Changes in Long-Term Debt

<u>Type of Debt</u>	<u>Balance at July 1, 2023</u>	<u>Amount Issued</u>	<u>Amount Retired</u>	<u>Balance at June 30, 2024</u>	<u>Due Within One Year</u>
Governmental activities:					
Pension obligation	\$ 4,883,742	\$ -	\$ 872,990	\$ 4,010,752	\$ -
Total governmental activities	\$ 4,883,742	\$ -	\$ 872,990	\$ 4,010,752	\$ -
Business-type activities:					
Public Works Authority					
OWRB Water improvements	1,178,323	-	570,323	608,000	608,000
Total Public Works Authority	1,178,323	-	570,323	608,000	608,000
Industrial Authority					
Sales Tax Revenue Bonds 2019	16,215,000	-	550,000	15,665,000	730,000
Series 2019 Revenue Note	4,655,000	-	270,000	4,385,000	280,000
Total Industrial Authority	20,870,000	-	820,000	20,050,000	1,010,000
Total business-type debt	\$ 22,048,323	\$ -	\$1,390,323	\$ 20,658,000	\$ 1,618,000

CITY OF ELK CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Annual Debt Service Requirements

Year Ending June 30	Public Works Authority		Industrial Authority	
	Principal	Interest	Principal	Interest
2025	\$ 608,000	\$ 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	-	-	1,180,000	655,110
2030-2034	-	-	6,625,000	2,556,118
2035-2039	-	-	7,170,000	1,445,829
2040-2043	-	-	800,000	632,969
Totals	\$ 608,000	\$ 5,514	\$ 20,050,000	\$ 8,395,387

Revenues of the City are pledged as follows on the debt obligations as of June 30, 2024

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%	\$ 4,952,487	\$ 383,311	8%	\$ 4,385,000	Until 2043
Series 2019 Revenue Note	Revenues of water, wastewater, and garbage systems	\$ 4,188,947	\$ 1,455,181	35%	\$ 15,665,000	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	389,175	-
Commission restriction	644,336	-
Economic development	4,942,564	-
Debt Service	-	1,729,438
Capital improvements	18,143,487	607,222
Total Restricted Net Position	\$ 24,119,562	\$ 2,336,660

(3) REVENUES AND EXPENSES

A. Interfund Balances

	Transfer From						Total
	General Fund	Capital Projects	Public Works Authority	Airport Authority	Industrial Authority	All others	
General Fund	\$ -	\$ -	\$ 1,430,383	\$ -	\$ -	\$ -	\$ 1,430,383
Capital Projects	-	-	-	-	2,453,801	-	2,453,801
Economic Development	-	-	-	-	-	-	-
Public Works Authority	5,329,752	-	-	1,201,102	-	-	6,530,854
Airport Authority	-	1,382,456	-	-	-	-	1,382,456
Industrial Authority	413,282	-	-	-	-	-	413,282
All others	-	540,984	-	-	-	48,347	589,331
Total	\$ 5,743,034	\$ 1,923,440	\$ 1,430,383	\$ 1,201,102	\$ 2,453,801	\$ 48,347	\$ 12,800,107

(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	\$ 309,896
Firefighters	684,581
	<u>\$ 994,477</u>
Net Pension Liability (Asset)	
Police	\$ (115,918)
Firefighters	4,010,752
	<u>\$ 3,894,834</u>
Deferred Outflows of Resources	
Police	\$ 1,888,000
Firefighters	1,890,937
	<u>\$ 3,778,937</u>
Deferred Inflows of Resources	
Police	\$ 1,110,795
Firefighters	1,056,569
	<u>\$ 2,167,364</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, 2024, the Plan covered 102 employees with a total payroll of \$8,999,292.

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 Empower 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 \$279,195 for fiscal year 2024, while the employees contributed \$87,054. 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 \$119,800.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2024, the City reported an asset of \$115,918 for its proportionate share of the net pension liability. The net pension asset was measured as of July 1, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2023. 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, 2023. Based upon this information, the City's proportion was 0.003796.

CITY OF ELK CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

For the year ended June 30, 2024, the City recognized pension expense of \$309,896. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 317,327	\$ 17,877
Changes of assumptions	-	216,374
Net difference between projected and actual earnings on pension plan investments	1,450,873	876,544
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	119,800	-
Total	\$ 1,888,000	\$ 1,110,795

At June 30, 2024, the City reported \$119,800 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources totaling \$657,405 related to pensions will be recognized as an increase in pension expense as follows:

Year ended June 30:		
2024	\$	107,819
2025		1,843
2026		447,595
2027		101,804
2028		(1,656)
Total	\$	657,405

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2023, 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, 2023, 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, 2023, 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:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability/(asset)	1,094,462	(115,918)	(1,140,730)

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.

CITY OF ELK CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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 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 \$104,315.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2024, the City reported a liability of \$4,010,752 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. 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, 2023. Based upon this information the City's proportion was 0.00310851.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 476,990	\$ 5,092
Changes of assumptions	-	6,431
Net difference between projected and actual earnings on pension plan investments	1,309,632	1,045,046
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	104,315	-
Total	<u><u>\$ 1,890,937</u></u>	<u><u>\$ 1,056,569</u></u>

For the year ended June 30, 2024, the City recognized pension expense of \$684,581. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

At June 30, 2024, the City reported \$104,315 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources totaling \$834,368 related to pensions will be recognized as an increase in pension expense as follows:

Year ended June 30:		
2024	\$	326,597
2025		74,668
2026		446,620
2027		(13,516)
2028		-
Total	<u><u>\$</u></u>	<u><u>834,368</u></u>

CITY OF ELK CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2023, 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, 2023, 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, 2023, 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)	5,226,189	4,010,752	2,994,333

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, 2024. 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 \$2,453,968 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 18 years with an associated closing cost of \$1,927,272. The financial statements reflect an accrual of the estimated liability totaling \$107,071.

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.

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, 2024

	Original Budget	Revisions	Revised Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES					
Sales tax	\$ 6,010,144	\$ 500,000	\$ 6,510,144	\$ 6,603,316	\$ 93,172
Use tax	1,815,155	-	1,815,155	1,686,567	(128,588)
Franchise tax	403,228	50,000	453,228	500,786	47,558
Other taxes	236,213	-	236,213	91,632	(144,581)
Licenses and permits	55,000	-	55,000	47,343	(7,657)
Rents & royalties	430,086	-	430,086	193,620	(236,466)
Fines and forfeitures	225,000	-	225,000	109,904	(115,096)
Charges for services	1,514,000	-	1,514,000	2,556,283	1,042,283
Intergovernmental revenues	-	-	-	413,792	413,792
Donations	5,000	7,700	12,700	1,217	(11,483)
Other revenues	150,000	-	150,000	51,621	(98,379)
Interest	200,000	305,002	505,002	914,287	409,285
Total revenues	11,043,826	862,702	11,906,528	13,170,368	1,263,840
EXPENDITURES					
General government:					
Managerial	450,130	-	450,130	1,396	448,734
City clerk	-	625,000	625,000	623,063	1,937
Treasurer	107,376	10,000	117,376	111,541	5,835
City attorney	36,000	10,000	46,000	-	46,000
Information technology	362,368	-	362,368	340,246	22,122
Youth and family	260,566	-	260,566	140,096	120,470
General government	953,737	(619,925)	333,812	133,311	200,501
Public safety and judiciary:					
Police	4,139,210	(84,858)	4,054,352	3,557,338	497,014
Municipal Court	119,952	39,000	158,952	158,159	793
Animal Control	291,498	7,500	298,998	268,131	30,867
Fire	2,334,834	3,000	2,337,834	2,163,524	174,310
Ambulance	999,564	50,000	1,049,564	999,499	50,065
Culture and recreation:					
Museum	450,104	44,800	494,904	473,904	21,000
Library	361,275	23,500	384,775	383,958	817
Civic Center	105,500	20,000	125,500	125,205	295
Park	714,611	325,285	1,039,896	1,036,807	3,089
Arrowhead center	600,192	43,651	643,843	617,641	26,202
CAAPS	101,683	(44,500)	57,183	32,855	24,328
Swimming pool	265,249	(265,249)	-	-	-
Public services					
Cemetery	210,029	-	210,029	154,157	55,872
Inspection	345,508	-	345,508	285,498	60,010
Total expenditures	13,209,386	187,204	13,396,590	11,606,329	1,790,261
Revenue over (under) expenditures	(2,165,560)	675,498	(1,490,062)	1,564,039	(526,421)
OTHER FINANCING SOURCES (USES)					
Operating transfers in/(out)	774,503	-	774,503	1,588,611	814,108
Net other financing sources (uses)	774,503	-	774,503	1,588,611	814,108
Revenues and other financing sources over (under) expenditures and other uses	(1,391,057)	675,498	(715,559)	3,152,650	287,687
Fund balance at beginning of year (Non-GAAP budgetary basis)	15,038,911		15,038,911	11,357,076	
Fund balance at end of year (Non-GAAP budgetary basis)	<u>\$ 13,647,854</u>		<u>\$ 14,323,352</u>	<u>\$ 14,509,726</u>	
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Revenue and transfer accruals				1,150,356	
Fund balance at end of year (GAAP basis)				<u>\$ 15,660,082</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, 2024

	<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>	<u>2024*</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%	0.0038%
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)	\$ (115,918)
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	\$ 2,260,205
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%	-5%
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%	100.00%

* 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>	<u>2024*</u>
Contractually required contribution	\$ 129,023	\$ 133,394	\$ 152,164	\$ 161,172	\$ 179,063	\$ 186,112	\$ 160,867	\$ 193,829	\$ 182,136	\$ 119,800
Contributions in relation to the contractually required contribution	(129,023)	(133,394)	(152,164)	(161,172)	(179,063)	(186,112)	(160,867)	(193,829)	(182,136)	(119,800)
Contribution deficiency (excess)	<u>\$ -</u>	<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	\$ 2,260,205
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%	5.30%

** 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, 2024

	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*	2023*	2024*
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%	0.3109%
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	\$ 4,010,752
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	\$ 1,398,434
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%	287%
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%	99.90%

* 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

	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*	2023*	2024*
Contractually required contribution	\$ 158,403	\$ 173,050	\$ 166,927	\$ 156,196	\$ 168,708	\$ 167,827	\$ 184,475	\$ 171,975	\$ 160,912	\$ 104,315
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>	<u>(104,315)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<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	\$ 1,398,434
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%	7.46%

** 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, 2024

	Street & Alley Fund	Improvement Fund	Civil Defense	Police Special Revenue	Fire Special Revenue	Cemetery Corpus Fund
ASSETS						
Cash and cash equivalents	\$ 143,109	\$ -	\$ 34,529	\$ 84,165	\$ 71,997	\$ 84,218
Investments	100,000	15,000	2,000	50,000	57,000	60,000
Due from other funds	-	-	-	-	-	-
Total assets	<u>\$ 243,109</u>	<u>\$ 15,000</u>	<u>\$ 36,529</u>	<u>\$ 134,165</u>	<u>\$ 128,997</u>	<u>\$ 144,218</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ 41	\$ 342	\$ -
Due to other funds	-	-	-	72	49	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>113</u>	<u>391</u>	<u>-</u>
FUND BALANCES						
Restricted	243,109	-	-	-	-	144,218
Committed	-	-	-	-	-	-
Assigned	-	15,000	36,529	134,052	128,606	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>243,109</u>	<u>15,000</u>	<u>36,529</u>	<u>134,052</u>	<u>128,606</u>	<u>144,218</u>
Total liabilities and fund balances	<u>\$ 243,109</u>	<u>\$ 15,000</u>	<u>\$ 36,529</u>	<u>\$ 134,165</u>	<u>\$ 128,997</u>	<u>\$ 144,218</u>

City of Elk City, Oklahoma
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2024

	Public Facilities	Municipal Court Fund	Museum Exhibit Fund	Special Library Fund	Economic Development	Revolving Loan Fund	Carousel Maintenance	Paving Fund	Toys for Kids
ASSETS									
Cash and cash equivalents	\$ 18,349	\$ 1,848	\$ 16,334	\$ 56,908	\$ 28,719	\$ 4,429	\$ 52,275	\$ 232	\$ 30,249
Investments	41,000	-	-	60,000	-	5,000	100,000	-	-
Due from other funds	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 59,349</u>	<u>\$ 1,848</u>	<u>\$ 16,334</u>	<u>\$ 116,908</u>	<u>\$ 28,719</u>	<u>\$ 9,429</u>	<u>\$ 152,275</u>	<u>\$ 232</u>	<u>\$ 30,249</u>
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	3,504	-	-	7,055	-	-	-	-
Total liabilities	<u>-</u>	<u>3,504</u>	<u>-</u>	<u>-</u>	<u>7,055</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES									
Restricted	-	-	-	-	-	-	-	-	-
Committed	59,349	-	-	-	-	-	-	-	-
Assigned	-	(1,656)	16,334	116,908	21,664	9,429	152,275	-	-
Unassigned	-	-	-	-	-	-	-	232	30,249
Total fund balances	<u>59,349</u>	<u>(1,656)</u>	<u>16,334</u>	<u>116,908</u>	<u>21,664</u>	<u>9,429</u>	<u>152,275</u>	<u>232</u>	<u>30,249</u>
Total liabilities and fund balances	<u>\$ 59,349</u>	<u>\$ 1,848</u>	<u>\$ 16,334</u>	<u>\$ 116,908</u>	<u>\$ 28,719</u>	<u>\$ 9,429</u>	<u>\$ 152,275</u>	<u>\$ 232</u>	<u>\$ 30,249</u>

City of Elk City, Oklahoma
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2024

	125	Hotel Tax		Tax	Animal	ARPA		Total
	Reimburseme	Fund	Landfill	Incentive	Control Fund	Fund	Clearing	Non-Major
	nt			Fund				Funds
ASSETS								
Cash and cash equivalents	\$ 12,761	\$ 393,624	\$ 665,475	\$ 254,591	\$ 12,250	\$ -	\$ 72,598	\$ 2,038,660
Investments	-	655,500	450,000	3,610,130	-	-	-	5,205,630
Due from other funds	-	686	-	-	-	-	-	686
Total assets	<u>\$ 12,761</u>	<u>\$ 1,049,810</u>	<u>\$ 1,115,475</u>	<u>\$ 3,864,721</u>	<u>\$ 12,250</u>	<u>\$ -</u>	<u>\$ 72,598</u>	<u>\$ 7,244,976</u>
LIABILITIES								
Accounts payable	\$ -	\$ 12,098	\$ -	\$ 1,815,969	\$ 975	\$ -	\$ -	\$ 1,829,425
Due to other funds	-	-	113	-	-	-	-	10,793
Total liabilities	<u>-</u>	<u>12,098</u>	<u>113</u>	<u>1,815,969</u>	<u>975</u>	<u>-</u>	<u>-</u>	<u>1,840,218</u>
FUND BALANCES								
Restricted	-	-	-	2,048,752	-	-	-	2,436,079
Committed	-	1,037,712	1,115,362	-	11,275	-	-	2,223,698
Assigned	12,761	-	-	-	-	-	-	641,902
Unassigned	-	-	-	-	-	-	72,598	103,079
Total fund balances	<u>12,761</u>	<u>1,037,712</u>	<u>1,115,362</u>	<u>2,048,752</u>	<u>11,275</u>	<u>-</u>	<u>72,598</u>	<u>5,404,758</u>
Total liabilities and fund balances	<u>\$ 12,761</u>	<u>\$ 1,049,810</u>	<u>\$ 1,115,475</u>	<u>\$ 3,864,721</u>	<u>\$ 12,250</u>	<u>\$ -</u>	<u>\$ 72,598</u>	<u>\$ 7,244,976</u>

City of Elk City, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds (continued)
June 30, 2024

	Street & Alley Fund	Improvement Fund	Civil Defense	Police Special Revenue	Fire Special Revenue	Cemetery Corpus Fund	Public Facilities
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Other income	-	-	-	3,812	-	-	-
Donations	-	-	-	-	-	-	-
Interest income	2,874	458	-	1,881	2,508	2,088	-
Total revenues	<u>2,874</u>	<u>458</u>	<u>-</u>	<u>5,693</u>	<u>2,508</u>	<u>2,088</u>	<u>-</u>
EXPENDITURES							
Public safety and judiciary:							
Police	-	-	-	4,916	-	-	-
Municipal court	-	-	-	-	-	-	-
Fire	-	-	-	-	35,237	-	-
Animal control	-	-	-	-	-	-	-
Total public safety and judiciary	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,916</u>	<u>35,237</u>	<u>-</u>	<u>-</u>
Cultural, parks and recreation:							
Carousel	-	-	-	-	-	-	-
Total cultural, parks and recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Public Service:							
Economic development	-	-	-	-	-	-	-
Total economic development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,916</u>	<u>35,237</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>2,874</u>	<u>458</u>	<u>-</u>	<u>777</u>	<u>(32,729)</u>	<u>2,088</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)							
Transfers in/(out)	<u>(78,179)</u>	<u>(927,757)</u>	<u>-</u>	<u>-</u>	<u>(1,632)</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>(78,179)</u>	<u>(927,757)</u>	<u>-</u>	<u>-</u>	<u>(1,632)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(75,305)	(927,299)	-	777	(34,361)	2,088	-
Fund balances - beginning	318,414	942,299	36,529	133,275	162,967	142,130	59,349
Fund balances - ending	<u>\$ 243,109</u>	<u>\$ 15,000</u>	<u>\$ 36,529</u>	<u>\$ 134,052</u>	<u>\$ 128,606</u>	<u>\$ 144,218</u>	<u>\$ 59,349</u>

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

June 30, 2024

	Municipal Court Fund	Museum Exhibit Fund	Special Library Fund	Economic Development	Revolving Loan Fund	Carousel Maintenance	Paving Fund	Toys for Kids
<u>REVENUES</u>								
Intergovernmental revenue	\$ -	\$ -	\$ 9,388	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	990	-	-	-	-	-	-
Other income	670	-	524	1,200	-	-	-	-
Donations	-	-	-	-	-	-	-	7,403
Interest income	-	-	1,679	1,577	-	3,005	-	-
Total revenues	<u>670</u>	<u>990</u>	<u>11,591</u>	<u>2,777</u>	<u>-</u>	<u>3,005</u>	<u>-</u>	<u>7,403</u>
<u>EXPENDITURES</u>								
Public safety and judiciary:								
Police	-	-	-	-	-	-	-	-
Municipal court	970	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Animal control	-	-	-	-	-	-	-	-
Total public safety and judiciary	<u>970</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cultural, parks and recreation:								
Carousel	-	-	-	-	-	34,200	-	-
Total cultural, parks and recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,200</u>	<u>-</u>	<u>-</u>
Public Service:								
Economic development	-	-	-	-	-	-	-	-
Total economic development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>970</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,200</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(300)</u>	<u>990</u>	<u>11,591</u>	<u>2,777</u>	<u>-</u>	<u>(31,195)</u>	<u>-</u>	<u>7,403</u>
<u>OTHER FINANCING SOURCES (USES)</u>								
Transfers in/(out)	-	(858,754)	(9,869)	20,373	-	-	-	(10,875)
Total other financing sources and uses	<u>-</u>	<u>(858,754)</u>	<u>(9,869)</u>	<u>20,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,875)</u>
Net change in fund balances	(300)	(857,764)	1,722	23,150	-	(31,195)	-	(3,472)
Fund balances - beginning	(1,356)	874,098	115,186	(1,486)	9,429	183,470	232	33,721
Fund balances - ending	<u>\$ (1,656)</u>	<u>\$ 16,334</u>	<u>\$ 116,908</u>	<u>\$ 21,664</u>	<u>\$ 9,429</u>	<u>\$ 152,275</u>	<u>\$ 232</u>	<u>\$ 30,249</u>

City of Elk City, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds (continued)
June 30, 2024

	125 Reimburseme nt	Hotel Tax Fund	Landfill	Tax Incentive Fund	Animal Control Fund	APRA Fund	Clearing	Total Non-Major Funds
<u>REVENUES</u>								
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,388
Charges for services	-	507,643	-	-	14,935	-	-	523,568
Other income	1,549	-	-	-	-	-	-	7,755
Donations	-	-	-	-	-	-	-	7,403
Interest income	-	30,361	19,167	144,672	28	-	1,434	211,732
Total revenues	1,549	538,004	19,167	144,672	14,963	-	1,434	759,846
<u>EXPENDITURES</u>								
Public safety and judiciary:								
Police	-	-	-	-	-	-	-	4,916
Municipal court	-	-	-	-	-	-	-	970
Fire	-	-	-	-	-	-	-	35,237
Animal control	-	-	-	-	10,875	-	-	10,875
Total public safety and judiciary	-	-	-	-	10,875	-	-	51,998
Cultural, parks and recreation:								
Carousel	-	-	-	-	-	-	-	34,200
Total cultural, parks and recreation	-	-	-	-	-	-	-	34,200
Public Service:								
Economic development	-	498,300	-	2,936,577	-	-	-	3,434,877
Total economic development	-	498,300	-	2,936,577	-	-	-	3,434,877
Total expenditures	-	498,300	-	2,936,577	10,875	-	-	3,521,075
Excess (deficiency) of revenues over expenditures	1,549	39,704	19,167	(2,791,905)	4,088	-	1,434	(2,761,229)
<u>OTHER FINANCING SOURCES (USES)</u>								
Transfers in/(out)	-	(428)	399,568	752,751	150	(909,959)	-	(1,624,611)
Total other financing sources and uses	-	(428)	399,568	752,751	150	(909,959)	-	(1,624,611)
Net change in fund balances	1,549	39,276	418,735	(2,039,154)	4,238	(909,959)	1,434	(4,385,840)
Fund balances - beginning	11,212	998,436	696,627	4,087,906	7,037	909,959	71,164	9,790,598
Fund balances - ending	\$ 12,761	\$ 1,037,712	\$ 1,115,362	\$ 2,048,752	\$ 11,275	\$ -	\$ 72,598	\$ 5,404,758

City of Elk City, Oklahoma
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2024

	Water Meter Deposit Fund	Municipal Court Bond Fund	Total Agency Funds
ASSETS			
Cash and cash equivalents	\$ 24,481	\$ 12,528	\$ 37,009
Investments	196,000	-	196,000
Total assets	<u>\$ 220,481</u>	<u>\$ 12,528</u>	<u>\$ 233,009</u>
LIABILITIES			
Due to other funds	\$ 17,341	\$ -	\$ 17,341
Bonds and deposits subject to refund	203,140	12,528	215,668
Total liabilities	<u>\$ 220,481</u>	<u>\$ 12,528</u>	<u>\$ 233,009</u>

City of Elk City, Oklahoma
Combining Statement of Fund Net Position
Proprietary Funds: Combining Industrial Authority
June 30, 2024

	Industry Fund	CAAPS Sales Tax Fund	Rock Yard Fund	Ambulance Fund	CAAPS II Sales Tax Fund	Combining Industrial Authority
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ 513,230	\$ 56,057	\$ -	\$ -	\$ 569,287
Due from other funds	1,127	-	-	-	-	1,127
Accounts receivable, net	-	-	749,327	-	-	749,327
Taxes receivable	-	289,061	-	-	144,530	433,591
Inventory	-	-	1,224,791	-	-	1,224,791
Total current assets	1,127	802,291	2,030,175	-	144,530	2,978,123
Current assets:						
Restricted assets:						
Cash, including time deposits	-	1,071,370	-	-	614,997	1,686,367
Total restricted assets	-	1,071,370	-	-	614,997	1,686,367
Noncurrent assets:						
Discount on debt issued	-	168,565	-	-	-	168,565
Capital assets (net)	4,944,857	34,566,178	667,214	102,776	-	40,281,025
Total noncurrent assets	4,944,857	34,734,743	667,214	102,776	-	40,449,590
Total assets	\$ 4,945,984	\$ 36,608,404	\$ 2,697,389	\$ 102,776	\$ 759,527	\$ 45,114,080
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 402	\$ 17,955	\$ 214,440	\$ -	\$ 339,018	\$ 571,815
Wages payable	-	14,613	17,677	-	-	32,290
Due to other funds	-	-	874,019	-	-	874,019
Accrued interest payable	-	148,058	-	-	-	148,058
Notes payable, current	-	1,010,000	-	-	-	1,010,000
Total current liabilities	402	1,190,626	1,106,136	-	339,018	2,636,182
Noncurrent liabilities:						
Notes payable, non-current	-	19,040,000	-	-	-	19,040,000
Premium on debt issuance, net	-	1,040,042	-	-	-	1,040,042
Total noncurrent liabilities	-	20,080,042	-	-	-	20,080,042
Total liabilities	402	21,270,668	1,106,136	-	339,018	22,716,224
NET POSITION						
Net investment in capital assets	4,944,857	14,516,178	667,214	102,776	-	20,231,025
Restricted	-	1,071,370	-	-	614,997	1,686,367
Unrestricted	725	(249,812)	924,039	-	(194,488)	480,464
Total fund net position	\$ 4,945,582	\$ 15,337,736	\$ 1,591,253	\$ 102,776	\$ 420,509	\$ 22,397,856

City of Elk City, Oklahoma
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds: Industrial Authority
Year Ended June 30, 2024

	Industry Fund	CAAPS Sales Tax Fund	Rock Yard Fund	Ambulance Fund	CAAPS II Sales Tax Fund	Combined Industrial Authority
Operating revenues:						
Charges for services:						
Water charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of fuel and rock	-	-	3,218,535	-	-	3,218,535
Total charges for services	-	-	3,218,535	-	-	3,218,535
Other fees and charges	-	93,312	1,097	-	-	94,409
Total operating revenues	-	93,312	3,219,632	-	-	3,312,944
Operating expenses:						
Cost of sales	-	-	2,638,377	-	-	2,638,377
Personal services	-	1,632	322,138	-	-	323,770
Materials and supplies	-	-	700,786	-	-	700,786
Other services and charges	-	7,500	73,546	-	4,536	85,582
Depreciation and amortization	237,928	1,755,382	71,628	4,779	-	2,069,717
Total operating expenses	237,928	1,764,514	3,806,475	4,779	4,536	5,818,232
Net operating income	(237,928)	(1,671,202)	(586,843)	(4,779)	(4,536)	(2,505,288)
Nonoperating revenue (expense):						
Sales tax	-	3,301,657	-	-	1,650,829	4,952,486
Investment income	-	53,819	4,924	-	7,304	66,047
Intergovernmental revenue	-	19,968	-	-	-	19,968
Interest expense	-	(558,635)	-	-	-	(558,635)
Total nonoperating revenue (expense)	-	2,816,809	4,924	-	1,658,133	4,479,866
Net income before contributions and transfers	(237,928)	1,145,607	(581,919)	(4,779)	1,653,597	1,974,578
Transfers from other funds	-	413,282	-	-	-	413,282
Transfers to other funds	-	(1,176,169)	(37,322)	-	(1,743,592)	(2,957,083)
Change in fund net position	(237,928)	382,720	(619,241)	(4,779)	(89,995)	(569,223)
Net position-beginning of year	5,183,510	14,955,016	2,210,494	107,555	510,504	22,967,079
Net position-end of year	\$ 4,945,582	\$ 15,337,736	\$ 1,591,253	\$ 102,776	\$ 420,509	\$ 22,397,856

City of Elk City, Oklahoma
Combining Statement of Fund Net Position
Proprietary Funds: Public Works Authority
June 30, 2024

	Gross Revenue Fund	Drinking Water SRF Fund	Water System Improvement Fund	Combined Public Works Authority
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 931,337	\$ -	\$ -	\$ 931,337
Investments	102,000	-	-	102,000
Due from other funds	2,487,722	-	-	2,487,722
Accounts receivable, net	584,089	-	-	584,089
Taxes receivable	9,749	-	-	9,749
Inventory	561,745	-	-	561,745
Total current assets	<u>4,676,642</u>	<u>-</u>	<u>-</u>	<u>4,676,642</u>
Current assets:				
Restricted assets:				
Cash, including time deposits	-	-	650,293	650,293
Total restricted assets	<u>-</u>	<u>-</u>	<u>650,293</u>	<u>650,293</u>
Noncurrent assets:				
Capital assets (net)	31,414,275	6,486,080	-	37,900,355
Total noncurrent assets	<u>31,414,275</u>	<u>6,486,080</u>	<u>-</u>	<u>37,900,355</u>
Total assets	<u>\$ 36,090,917</u>	<u>\$ 6,486,080</u>	<u>\$ 650,293</u>	<u>\$ 43,227,290</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 169,682	\$ -	\$ -	\$ 169,682
Payroll liabilities	77,393	-	-	77,393
Due to other funds	708,739	-	-	708,739
Notes payable, current	608,000	-	-	608,000
Total current liabilities	<u>1,563,814</u>	<u>-</u>	<u>-</u>	<u>1,563,814</u>
Noncurrent liabilities:				
Compensated absences	215,668	-	-	215,668
Total noncurrent liabilities	<u>215,668</u>	<u>-</u>	<u>-</u>	<u>215,668</u>
Total liabilities	<u>1,779,482</u>	<u>-</u>	<u>-</u>	<u>1,779,482</u>
NET POSITION				
Net investment in capital assets	30,806,275	6,486,080	-	37,292,355
Restricted	-	-	650,293	650,293
Unrestricted	<u>3,505,160</u>	<u>-</u>	<u>-</u>	<u>3,505,160</u>
Total fund net position	<u>\$ 34,311,435</u>	<u>\$ 6,486,080</u>	<u>\$ 650,293</u>	<u>\$ 41,447,808</u>

City of Elk City, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2024

	<u>Gross Revenue Fund</u>	<u>Drinking Water SRF Fund</u>	<u>Water System Improvement Fund</u>	<u>Combined Public Works Authority</u>
<u>Operating revenues:</u>				
Charges for services:				
Water charges	\$ 2,230,471	\$ -	\$ -	\$ 2,230,471
Sewer charges	758,266	-	-	758,266
Sanitation charges	2,423,148	-	-	2,423,148
Utility surcharges	443,586	-	-	443,586
Penalties	64,960	-	-	64,960
Total charges for services	5,920,431	-	-	5,920,431
Other fees and charges	91,379	-	-	91,379
Total operating revenues	6,011,810	-	-	6,011,810
<u>Operating expenses:</u>				
Personal services	2,582,346	-	-	2,582,346
Materials and supplies	2,163,630	-	-	2,163,630
Other services and charges	573,204	-	500	573,704
Depreciation and amortization	2,644,220	-	-	2,644,220
Total operating expenses	7,963,400	-	500	7,963,900
Net operating income	(1,951,590)	-	(500)	(1,952,090)
<u>Nonoperating revenue (expense):</u>				
Investment income	27,113	-	1,933	29,046
Intergovernmental revenue	116,901	-	-	116,901
Interest expense	(111,206)	-	(24,236)	(135,442)
Total nonoperating revenue (expense)	32,808	-	(22,303)	10,505
Net Income before contributions and transfers	(1,918,782)	-	(22,803)	(1,941,585)
Transfers from other funds	5,329,752	-	229,681	5,559,433
Transfers to other funds	(1,963,609)	-	-	(1,963,609)
Change in fund net position	1,447,361	-	206,878	1,654,239
Net position-beginning of year	32,864,074	6,486,080	443,415	39,793,569
Net position-end of year	<u>\$ 34,311,435</u>	<u>\$ 6,486,080</u>	<u>\$ 650,293</u>	<u>\$ 41,447,808</u>

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, 2024, 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 March 27, 2025.

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

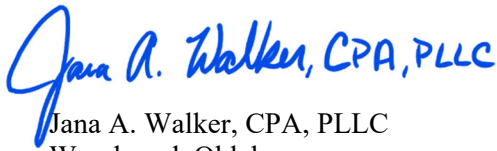
As part of obtaining reasonable assurance about whether City of Elk City, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 2024-001.

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
March 27, 2025

**City of Elk City, Oklahoma
Schedule of Findings and Responses
Year Ended June 30, 2024**

FINDING 2024-001 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: Management did not receive the financial reporting package in a timely manner and appropriate follow up procedures were not performed to ensure the auditor had workpapers to review with sufficient time to issue the audit report prior to the deadline.

Effect or Potential Effect: Debt covenant violation.

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

Response: Management should establish a well-defined process for financial reporting that includes overall timing and follow up procedures to ensure the established policies related to timing are adhered. 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.

**City of Elk City, Oklahoma
Schedule of Prior Year Findings and Responses
Year Ended June 30, 2024**

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: Management did not receive the financial reporting package in a timely manner and appropriate follow up procedures were not performed to ensure the auditor had workpapers to review with sufficient time to issue the audit report prior to the deadline.

Effect or Potential Effect: Debt covenant violation.

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

Current Status: Although they have made process on a timelier report this year, the current finding is reported as finding 2024-001.