

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

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

**FOR THE YEAR ENDED
JUNE 30, 2022**



The City of Elk City, Oklahoma
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Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Commission
City of Elk City, Oklahoma

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective 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, 2022, and the respective changes in financial position, and where applicable, cash flow thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Elk City, Oklahoma's internal control. Accordingly, no such opinion is expressed.

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- 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 condition 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.

Other Matters

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 schedules of the City’s proportionate share of net pension liabilities on pages 3-10 and 39-42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 15, 2023, 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 the City of Elk City, Oklahoma’s internal control over financial reporting and compliance.

Foresight Advisory & Consulting, PLLC

Foresight Advisory & Consulting, PLLC

Oklahoma City, Oklahoma
February 15, 2023

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, 2022. 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, 2022, the assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$129,293,925 (net position). This compared to the previous year when assets exceeded liabilities by \$122,010,830.
- The City's total net position is comprised of the following:
 - (1) Net investment in capital assets of \$89,205,135 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 \$29,000,091 accounts for assets restricted for debt service and capital construction in accordance with debt offerings.
 - (3) Unrestricted net position of \$11,088,699 represent the portion available to maintain the City's continuing obligations to citizens and creditors compared to \$17,017,420 in prior year.
- 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 \$33,180,846. This compared to prior year ending fund balance of \$29,242,331, reporting an increase of \$3,938,515 or 13% due to strong sales tax as well as federal grant funding related to the COVID-19 pandemic.

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, 2022 was \$129,293,925. The City reported positive balances in total net position for both governmental and business-type activities, reporting \$65 million and \$63 million, respectively. The City's overall financial position improved during the fiscal year 2022.

	Summary of Net Position							
	Governmental Activities		Business-Type Activities		Total		Change	
	2022	2021	2022	2021	2022	2021	\$	%
Current assets	\$ 38,431	\$ 32,345	\$ 17,948	\$ 32,275	\$ 56,379	\$ 64,620	\$ (8,241)	-13%
Capital assets, net	35,150	37,042	73,808	63,075	108,958	100,117	8,841	9%
Total assets	73,581	69,387	91,756	95,350	165,337	164,737	600	0%
Deferred outflow of resources	2,043	1,904	-	-	2,043	1,904	139	7%
Current liabilities	3,328	3,219	3,888	2,862	7,216	6,081	1,135	19%
Non-current liabilities	2,494	5,139	24,101	32,753	26,595	37,892	(11,297)	-30%
Total liabilities	5,822	8,358	27,989	35,615	33,811	43,973	(10,162)	-23%
Deferred inflow of resources	4,275	657	-	-	4,275	657	3,618	551%
Net position								
Net investment in capital assets	37,072	37,042	52,133	46,253	89,205	83,295	5,910	7%
Restricted	21,428	17,748	7,572	3,950	29,000	21,698	7,302	34%
Unrestricted	7,027	7,486	4,062	9,532	11,089	17,018	(5,929)	-35%
Total net position	\$ 65,527	\$ 62,276	\$ 63,767	\$ 59,735	\$ 129,294	\$ 122,011	\$ 7,283	6%

Net position of the City improved over prior year at over \$7 million or 6%. This increase is a function of a decrease in liabilities for the City while assets remained consistent.

Total assets of the City increased \$600 thousand when compared to prior year. Current assets decreased \$8.2 million (13%) mainly due to a decrease in liquid assets used to retire long term debt held by the City as well as the construction of the City's Arrowhead Center and other capital improvements. Capital assets increased in a corresponding amount (\$8.8 million or 9%) with the use of debt proceeds to fund the construction of capital assets. This construction is part of a large scale plan to improve the livelihood of citizens as well as create economic development for the community.

Total liabilities of the City decreased over \$10 million or 23% when compared to prior year. Retirement of debt combined with a decrease in pension obligations impacted this change. The City paid over \$8.6 million in debt retirement during the year. Furthermore, the pension obligation of the City, as calculated by a third-party actuary, decreased \$2.6 million. Strong investment performance in the Police Pension Plan, specifically, contributed to this decrease in liability.

The City reported over \$108 million in capital assets with \$27 million remaining on debt used to finance their acquisition and construction.

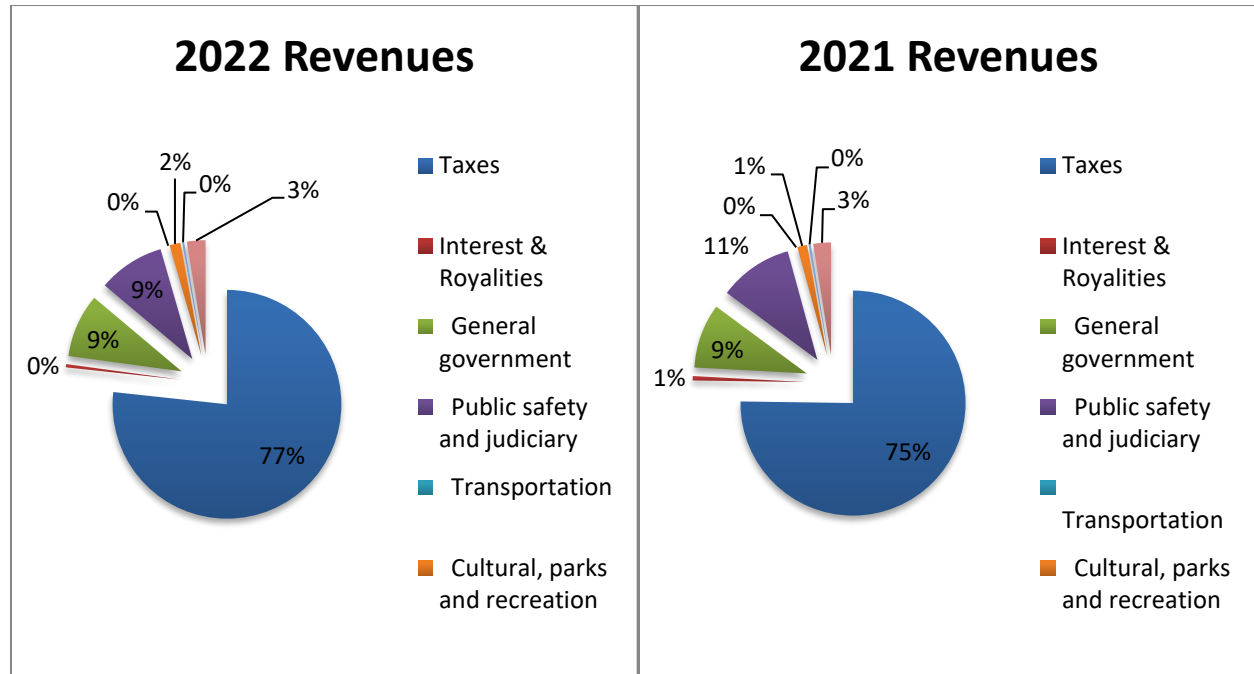
	Summary of Changes in Net Position							
	Governmental		Business-type		Total		Change	
	2022	2021	2022	2021	2022	2021	\$	%
Revenues								
Program revenues	\$ 3,734,727	\$ 3,649,153	\$ 8,710,496	\$ 8,978,774	\$12,445,223	\$12,627,927	\$ (182,704)	-1%
Taxes and other general revenues	16,352,462	12,045,463	4,686,882	4,252,296	21,039,344	16,297,759	4,741,585	29%
Total revenues	20,087,189	15,694,616	13,397,378	13,231,070	33,484,567	28,925,686	4,558,881	16%
Expenses								
General government	2,193,769	2,334,111	-	-	2,193,769	2,334,111	(140,342)	-6%
Public safety and judiciary	7,367,653	6,940,582	-	-	7,367,653	6,940,582	427,071	6%
Transportation	257,274	306,973	-	-	257,274	306,973.00	(49,699)	-16%
Cultural, parks, and recreation	2,117,974	1,837,428	-	-	2,117,974	1,837,428	280,546	15%
Public service	979,776	889,933	-	-	979,776	889,933	89,843	10%
Economic development	784,461	1,586,219	-	-	784,461	1,586,219	(801,758)	-51%
Utilities	-	-	6,291,925	5,880,885	6,291,925	5,880,885	411,040	7%
Airport	-	-	703,269	455,838	703,269	455,838	247,431	54%
Customer service	-	-	742,545	673,273	742,545	673,273	69,272	10%
Industrial development	-	-	4,762,826	5,430,950	4,762,826	5,430,950	(668,124)	-12%
Total expenses	13,700,907	13,895,246	12,500,565	12,440,946	26,201,472	26,336,192	(134,720)	-1%
Excess (deficiency) before transfers	\$ 6,386,282	\$ 1,799,370	\$ 896,813	\$ 790,124	\$ 7,283,095	\$ 2,589,494	\$ 4,693,601	181%
Transfer to other governments	-	-	-	-	-	-	-	100%
Transfers	(3,136,713)	(5,703,200)	3,136,713	5,703,200	-	-	-	0%
Increase (decrease) in net position	\$ 3,249,569	\$ (3,903,830)	\$ 4,033,526	\$ 6,493,324	\$ 7,283,095	\$ 2,589,494	\$ 4,693,601	181%

The City reported an increase in revenues of \$4.559 million or 16% when compared to prior year. Taxes and general revenues in Governmental funds declined slightly at 1% or \$183 thousand dollars. However, program revenue increased over 29% or \$4.7 million dollars due (a) tax funding including sales, use, franchise, and other taxes, increasing over \$1.5 million, (b) \$1.1 million dollar change in the pension obligation including deferred inflows and outflows, and well as (c) \$1.7 million refunding of a deposit held for streetscape improvements. Utility billing receipts increased 10% compared to prior year.

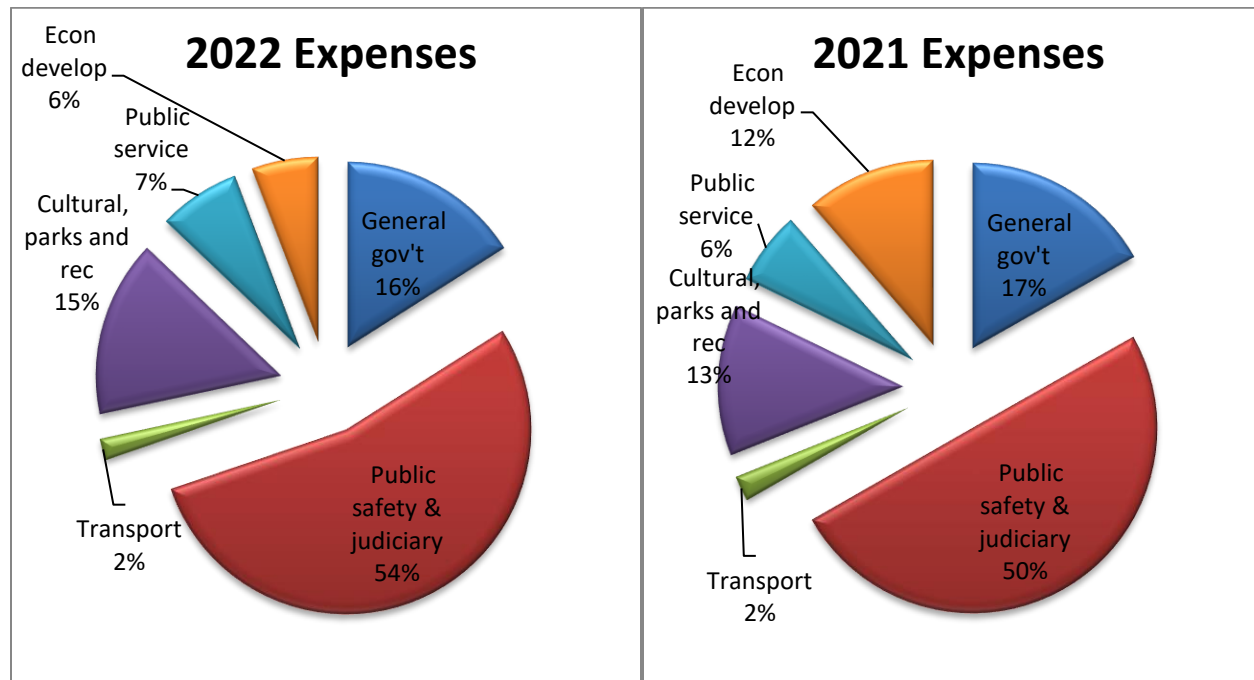
Operating expenses remained consistent between the two year period, noting a change of \$134 thousand dollars or 1%. Expenses shifted between fiscal years as economic development and industrial development costs decreased and public safety, utility, and airport expenses increased. As noted in prior year, management made a concerted effort to monitor and expenses in light of the COVID-19 pandemic.

The City's financial position has improved when compared to prior year.

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



Taxes provided 77% of the City's governmental revenues in fiscal year 2022 compared to 75% in 2021. Sources of revenues for the governmental funds remained consistent between years.



TOTAL EXPENSES \$13,700,907

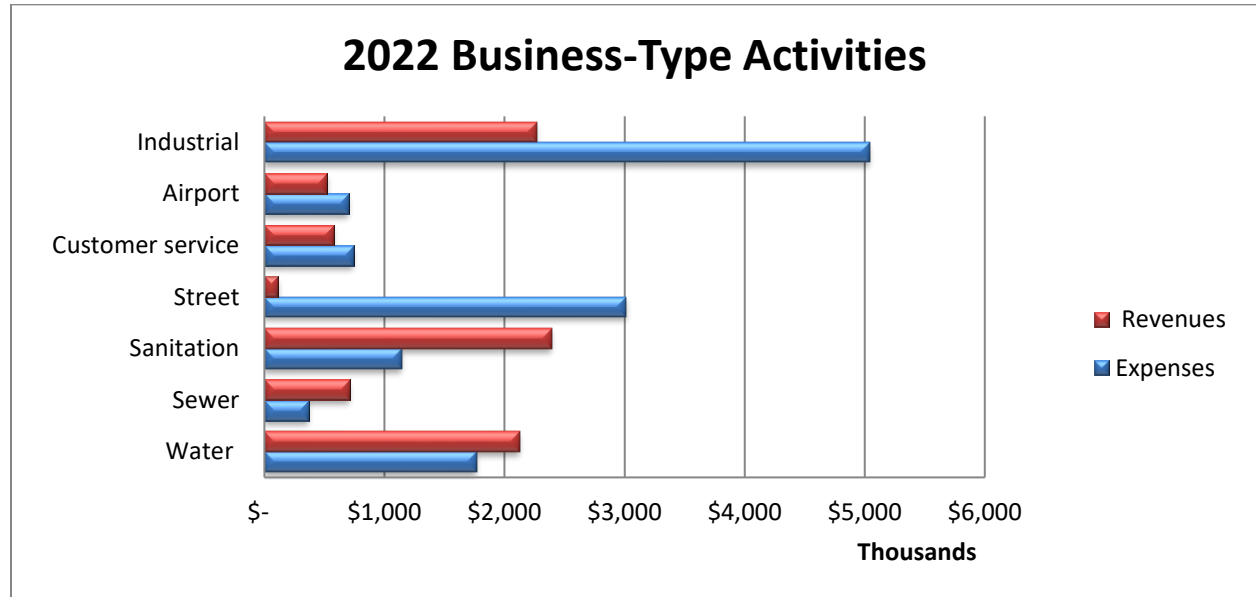
TOTAL EXPENSES \$13,895,246

For the year ended June 30, 2022, total expenses for governmental activities were \$13,700,907. Of this amount, public safety and judiciary with \$7,367,653, was the largest operating service department at 54% of the total cost of services for the City government. This compares to prior year in which public safety

accounted for 50% 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 2022 was \$10,237,407 compared to \$9,848,837 in prior year. During the fiscal year, the City approved budget amendments totaling \$345,829 for a total budget of \$10,583,236. Total expenditures for the City were \$10,541,446, which is \$41,790 less than the approved budget. The City complied all budget laws and regulations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2022, the City had 89,205,135 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			
	2022	2021	2022	2021	2022	2021
Land and CIP	\$ 5,345	\$ 5,325	\$ 18,572	\$ 3,484	\$ 23,917	\$ 8,809
Buildings	30,583	16,495	33,036	32,964	63,619	49,459
Machinery & equipment	11,651	25,311	12,435	10,958	24,086	36,269
Utility property & improvements	46,733	46,528	50,102	52,332	96,835	98,860
Total cost	\$ 94,312	\$ 93,659	\$ 114,145	\$ 99,738	\$ 208,457	\$ 193,397
Accumulated depreciation	59,162	56,617	40,337	36,859	99,499	93,476
Total capital assets, net	\$ 35,150	\$ 37,042	\$ 73,808	\$ 62,879	\$ 108,958	\$ 99,921

Long-Term Liabilities

At year-end, the City had \$26,595,097 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			
	2022	2021	2022	2021	2022	2021
Notes payable	\$ -	\$ -	\$ 24,980,000	\$ 33,520,000	\$ 24,980,000	\$ 33,520,000
Lease payable	-	116,277	-	-	-	116,277.00
Pension obligation	2,494,494	5,138,952	-	-	2,494,494	5,138,952
Premium on debt issuanc	-	-	1,155,603	1,213,383	1,155,603	1,213,383
less current portion	-	(116,277)	(2,035,000)	(1,980,000)	(2,035,000)	(2,096,277)
Total long term debt	\$ 2,494,494	\$ 5,138,952	\$ 24,100,603	\$ 32,753,383	\$ 26,595,097	\$ 37,892,335

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

According to the Oklahoma State University, Spears School of Business, *Economic Outlook 2022 Summer Update* "The state and national economies have recovered from the damage wrought by the COVID-19 pandemic. While income and output have long since risen above their pre-pandemic levels, in large part spurred by massive fiscal and monetary stimulus, state and national employment are just now returning to pre-pandemic levels. Yet, although the major economic aggregates have recovered, the economy has not fully returned to pre-pandemic form." The City has continued to be proactive in unknown changes resulting from the pandemic in the upcoming year as well as providing a strong foot forward in the future of this community.

Fiscal Year 2023 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, 2022

ASSETS	Primary Government		Total
	Governmental Activities	Business-type Activities	
Current Assets:			
Cash and cash equivalents	\$ 6,754,738	\$ 3,520,039	\$ 10,274,777
Investments	11,696,102	1,950,591	13,646,693
Due from other governments	964,082	-	964,082
Accounts receivable (net)	93,799	989,102	1,082,901
Other receivables	-	406,051	406,051
Grant receivable	-	-	-
Inventory	12,522	1,605,453	1,617,975
Prepaid asset	27,886	-	27,886
Due from other funds	(1,530,782)	1,717,938	187,156
Total current assets	<u>18,018,347</u>	<u>10,189,174</u>	<u>28,207,521</u>
Restricted assets:			
Cash and cash equivalents	10,247,217	4,103,937	14,351,154
Investments	8,243,273	3,468,422	11,711,695
Total restricted assets	<u>18,490,490</u>	<u>7,572,359</u>	<u>26,062,849</u>
Noncurrent Assets:			
Discount on debt issued	-	187,295	187,295
Pension asset	1,921,434	-	1,921,434
Land and construction in progress	5,325,163	14,505,453	19,830,616
Other capital assets (net of accumulated depreciation)	29,825,219	59,302,866	89,128,085
Total noncurrent assets	<u>37,071,816</u>	<u>73,995,614</u>	<u>111,067,430</u>
Total assets	<u>\$ 73,580,653</u>	<u>\$ 91,757,147</u>	<u>\$ 165,337,800</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred charges on pension obligations	<u>2,042,724</u>	<u>-</u>	<u>2,042,724</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 542,094	\$ 1,342,980	\$ 1,885,074
Payroll liabilities	143,497	157,283	300,780
Compensated absences	720,445	190,315	910,760
Accrued payables	1,921,955	162,905	2,084,860
Capital lease payable, current	-	-	-
Notes payable, current	-	2,035,000	2,035,000
Total current liabilities	<u>3,327,991</u>	<u>3,888,483</u>	<u>7,216,474</u>
Noncurrent liabilities:			
Pension obligation	2,494,494	-	2,494,494
Notes payable, non-current	-	22,945,000	22,945,000
Premium on debt issuance	-	1,155,603	1,155,603
Total noncurrent liabilities	<u>2,494,494</u>	<u>24,100,603</u>	<u>26,595,097</u>
Total liabilities	<u>5,822,485</u>	<u>27,989,086</u>	<u>33,811,571</u>
DEFERRED INFLOW OF RESOURCES			
Deferred charges on pension obligations	<u>4,275,028</u>	<u>-</u>	<u>4,275,028</u>
NET POSITION			
Net investment in capital assets	37,071,816	52,133,319	89,205,135
Reserved for restricted purposes	21,427,732	7,572,359	29,000,091
Unrestricted	7,026,316	4,062,383	11,088,699
Total net position	<u>\$ 65,525,864</u>	<u>\$ 63,768,061</u>	<u>\$ 129,293,925</u>

City of Elk City, Oklahoma
Statement of Activities
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 2,193,769	\$ 343,016	\$ 1,105,272	\$ 18,333	\$ (727,148)
Public safety and judiciary	7,367,653	1,496,857	39,101	-	(5,831,695)
Transportation	257,274	-	-	-	(257,274)
Cultural, parks and recreation	2,117,974	246,458	7,507	-	(1,864,009)
Public service	979,776	48,945	-	-	(930,831)
Economic development	784,461	429,238	-	-	(355,223)
Total governmental activities	<u>13,700,907</u>	<u>2,564,514</u>	<u>1,151,880</u>	<u>18,333</u>	<u>(9,966,180)</u>
Business-type activities:					
Water	1,769,558	2,127,134	-	-	357,576
Sewer	366,463	707,385	-	-	340,922
Sanitation	1,143,110	2,391,178	-	-	1,248,068
Streets	3,012,794	-	114,117	-	(2,898,677)
Customer service	742,545	578,153	-	-	(164,392)
Airport	703,269	320,560	-	203,722	(178,987)
Economic development	4,762,826	2,255,294	-	12,953	(2,494,579)
Total business-type activities	<u>12,500,565</u>	<u>8,379,704</u>	<u>114,117</u>	<u>216,675</u>	<u>(3,790,069)</u>
Total primary government	<u>\$ 26,201,472</u>	<u>\$ 10,944,218</u>	<u>\$ 1,265,997</u>	<u>\$ 235,008</u>	<u>\$ (13,756,249)</u>

City of Elk City, Oklahoma
Statement of Activities (continued)
Year Ended June 30, 2022

Changes in Net Position:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net (expense)/revenue	\$ (9,966,180)	\$ (3,790,069)	\$ (13,756,249)
General revenues:			
Taxes:			
Sales tax	9,409,991	4,595,949	14,005,940
Use tax	1,671,468	-	1,671,468
Franchise tax	494,935	-	494,935
Other taxes	621,383	-	621,383
Oil and gas royalties	343,905	-	343,905
Miscellaneous income	2,650,223	-	2,650,223
Investment income	74,026	90,933	164,959
Change in pension obligations	1,086,531	-	1,086,531
Transfers internal activity	(3,136,713)	3,136,713	-
Total general revenues and transfers	<u>13,215,749</u>	<u>7,823,595</u>	<u>21,039,344</u>
Change in net position	3,249,569	4,033,526	7,283,095
Net position-beginning	62,276,295	59,734,535	122,010,830
Net position-ending	<u><u>\$ 65,525,864</u></u>	<u><u>\$ 63,768,061</u></u>	<u><u>\$ 129,293,925</u></u>

**City of Elk City, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2022**

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Economic Development</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 6,754,738	\$ 6,361,211	\$ 177,954	\$ 3,708,052	\$ 17,001,955
Investments	11,696,102	6,047,773	-	2,195,500	19,939,375
Taxes receivable	699,024	264,259	-	799	964,082
Accounts receivable	93,799	-	-	-	93,799
Grant receivable	-	-	-	-	-
Inventory	12,522	-	-	-	12,522
Prepaid asset	27,886	-	-	-	27,886
Total assets	<u>\$ 19,284,071</u>	<u>\$ 12,673,243</u>	<u>\$ 177,954</u>	<u>\$ 5,904,351</u>	<u>\$ 38,039,619</u>
LIABILITIES					
Accounts payable	\$ 260,671	\$ 256,816	\$ 943	\$ 23,664	\$ 542,094
Due to other funds	1,520,223	-	7,055	3,504	1,530,782
Payroll liabilities	143,497	-	-	-	143,497
Compensated absences	720,445	-	-	-	720,445
Other accrued liabilities	1,921,955	-	-	-	1,921,955
Total liabilities	<u>4,566,791</u>	<u>256,816</u>	<u>7,998</u>	<u>27,168</u>	<u>4,858,773</u>
FUND BALANCES					
Nonspendable	12,522	-	-	-	12,522
Restricted	2,407,585	-	-	3,647,743	6,055,328
Committed	1,246,550	12,408,984	-	1,716,870	15,372,404
Assigned	187,894	-	22,630	444,226	654,750
Unassigned	10,862,729	7,443	147,326	68,344	11,085,842
Total fund balances	<u>14,717,280</u>	<u>12,416,427</u>	<u>169,956</u>	<u>5,877,183</u>	<u>33,180,846</u>
Total liabilities and fund balances	<u>\$ 19,284,071</u>	<u>\$ 12,673,243</u>	<u>\$ 177,954</u>	<u>\$ 5,904,351</u>	<u>\$ 38,039,619</u>
Total fund balance- total governmental funds					\$ 33,180,846
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				5,325,163	
Capital assets				88,987,580	
Less: Accumulated depreciation				<u>(59,162,361)</u>	35,150,382
Long-term portion of liabilities are not due and payable in the current period and are not reported					
Deferred outflows(inflows) on pension obligation				(2,232,304)	
Net pension (obligation)/asset				<u>(573,060)</u>	(2,805,364)
Net position of governmental activities					<u>\$ 65,525,864</u>

City of Elk City, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2022

	General Fund	Capital Projects	Economic Development	Non-Major Funds	Total Governmental Funds
REVENUES					
Sales tax	\$ 5,798,729	\$ 3,063,966	\$ -	\$ 547,296	\$ 9,409,991
Use tax	1,671,468	-	-	-	1,671,468
Franchise tax	494,935	-	-	-	494,935
Tobacco tax	109,639	-	-	-	109,639
Licenses and permits	88,534	-	-	-	88,534
Rents & royalties	379,282	-	-	-	379,282
Fines and forfeitures	99,978	-	-	-	99,978
Charges for services	1,896,838	-	-	443,788	2,340,626
Intergovernmental revenues	338,746	1,333,273	-	-	1,672,019
Donations	9,937	-	-	-	9,937
Other revenues	485,585	302,108	1,786,787	75,743	2,650,223
Interest	57,070	4,291	2,038	10,627	74,026
Total revenues	<u>11,430,741</u>	<u>4,703,638</u>	<u>1,788,825</u>	<u>1,077,454</u>	<u>19,000,658</u>
EXPENDITURES					
General government:					
Managerial	452,637	-	-	-	452,637
City clerk	774,481	-	-	-	774,481
City treasurer	92,569	5,629	-	-	98,198
City attorney	51,081	-	-	-	51,081
General government	512,196	26,121	-	-	538,317
Total general government	<u>1,882,964</u>	<u>31,750</u>	<u>-</u>	<u>-</u>	<u>1,914,714</u>
Public safety and judiciary:					
Police	3,362,307	15,357	-	6,107	3,383,771
Municipal court	99,179	-	-	30	99,209
Animal control	206,840	-	-	-	206,840
Fire	2,043,512	6,900	-	46,274	2,096,686
Ambulance	964,431	-	-	24,775	989,206
Total public safety and judiciary	<u>6,676,269</u>	<u>22,257</u>	<u>-</u>	<u>77,186</u>	<u>6,775,712</u>
Transportation:					
Street	-	-	-	-	-
Total transportation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cultural, parks and recreation:					
Museum	389,471	21,065	-	25,000	435,536
Library	289,805	-	-	-	289,805
Civic center	94,723	6,408	-	-	101,131
Park	622,077	72,808	-	-	694,885
Swimming pool	28,373	-	-	-	28,373
Total cultural, parks and recreation	<u>1,424,449</u>	<u>100,281</u>	<u>-</u>	<u>25,000</u>	<u>1,549,730</u>
Public service:					
Cemetery	149,596	-	-	-	149,596
Inspection	233,758	71,258	-	-	305,016
Total public service	<u>383,354</u>	<u>71,258</u>	<u>-</u>	<u>-</u>	<u>454,612</u>
Economic development:					
Economic development	-	-	119,517	338,718	458,235
Total economic development	<u>-</u>	<u>-</u>	<u>119,517</u>	<u>338,718</u>	<u>458,235</u>
Capital outlay	174,410	406,712	72,460	-	653,582
Debt service					
Principle	-	116,277	-	-	116,277
Interest	-	2,568	-	-	2,568
Total debt service	<u>-</u>	<u>118,845</u>	<u>-</u>	<u>-</u>	<u>118,845</u>
Total expenditures	<u>10,541,446</u>	<u>751,103</u>	<u>191,977</u>	<u>440,904</u>	<u>11,925,430</u>
Excess (deficiency) of revenues over expenditures	<u>889,295</u>	<u>3,952,535</u>	<u>1,596,848</u>	<u>636,550</u>	<u>7,075,228</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	976,442	1,729,131	-	-	2,705,573
Transfers out	(1,323,736)	(3,321,997)	(1,820,238)	623,685	(5,842,286)
Total other financing sources and uses	<u>(347,294)</u>	<u>(1,592,866)</u>	<u>(1,820,238)</u>	<u>623,685</u>	<u>(3,136,713)</u>
Net change in fund balances	542,001	2,359,669	(223,390)	1,260,235	3,938,515
Fund balances - beginning	14,175,279	10,056,758	393,346	4,616,948	29,242,331
Fund balances - ending	<u>\$ 14,717,280</u>	<u>\$ 12,416,427</u>	<u>\$ 169,956</u>	<u>\$ 5,877,183</u>	<u>\$ 33,180,846</u>

City of Elk City, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2022

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 \$ 3,938,515

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	653,582	
Depreciation expense	<u>(2,545,336)</u>	(1,891,754)

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

Principle payment on capital lease	116,277
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In the statement of activities, the cost of pension benefits earned net of
employee contributions are reported as an component of pension expense.
The fund financial statements report pension contributions as expenditures.

<u>1,086,531</u>

Change in Net Position of Governmental Activities	<u><u>\$ 3,249,569</u></u>
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City of Elk City, Oklahoma
Statement of Fund Net Position
Proprietary Funds
June 30, 2022

	Public Works Authority	Airport Authority	Industrial Authority	Total Enterprise Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 506,008	\$ 665,640	\$ 2,348,391	\$ 3,520,039
Investments	1,002,000	-	948,591	1,950,591
Due from other funds	2,128,372	-	1,127	2,129,499
Accounts receivable, net	519,417	4,532	465,153	989,102
Taxes receivable	9,663	-	396,388	406,051
Note receivable, current	-	-	-	-
Inventory	512,687	63,665	1,029,101	1,605,453
Total current assets	<u>4,678,147</u>	<u>733,837</u>	<u>5,188,751</u>	<u>10,600,735</u>
Current assets:				
Restricted assets:				
Cash, including time deposits	418,222	-	3,685,715	4,103,937
Investments	-	-	3,468,422	3,468,422
Total restricted assets	<u>418,222</u>	<u>-</u>	<u>7,154,137</u>	<u>7,572,359</u>
Noncurrent assets:				
Discount on debt issued	-	-	187,295	187,295
Capital assets (net)	26,139,854	4,001,318	43,667,147	73,808,319
Total noncurrent assets	<u>26,139,854</u>	<u>4,001,318</u>	<u>43,854,442</u>	<u>73,995,614</u>
Total assets	<u>\$ 31,236,223</u>	<u>\$ 4,735,155</u>	<u>\$ 56,197,330</u>	<u>\$ 92,168,708</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 292,465	\$ 17,881	\$ 1,032,634	\$ 1,342,980
Payroll liabilities	322,602	6,256	18,740	347,598
Due to other funds	-	56,740	354,821	411,561
Accrued interest payable	-	-	162,905	162,905
Notes payable, current	-	-	2,035,000	2,035,000
Total current liabilities	<u>615,067</u>	<u>80,877</u>	<u>3,604,100</u>	<u>4,300,044</u>
Noncurrent liabilities:				
Notes payable, non-current	-	-	22,945,000	22,945,000
Premium on debt issuance, net	-	-	1,155,603	1,155,603
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>24,100,603</u>	<u>24,100,603</u>
Total liabilities	<u>615,067</u>	<u>80,877</u>	<u>27,704,703</u>	<u>28,400,647</u>
NET POSITION				
Net investment in capital assets	26,139,854	4,001,318	21,992,147	52,133,319
Restricted	418,222	-	7,154,137	7,572,359
Unrestricted	<u>4,063,080</u>	<u>652,960</u>	<u>(653,657)</u>	<u>4,062,383</u>
Total fund net position	<u>\$ 30,621,156</u>	<u>\$ 4,654,278</u>	<u>\$ 28,492,627</u>	<u>\$ 63,768,061</u>

City of Elk City, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2022

	Public Works Authority	Airport Authority	Industrial Authority	Total Enterprise Funds
<u>Operating revenues:</u>				
Charges for services:				
Water charges	\$ 2,127,134	\$ -	\$ -	\$ 2,127,134
Sewer charges	707,385	-	-	707,385
Sanitation charges	2,391,178	-	-	2,391,178
Sale of fuel and rock	-	261,983	2,160,778	2,422,761
Utility surcharges	435,240	-	-	435,240
Penalties	57,429	-	-	57,429
Total charges for services	<u>5,718,366</u>	<u>261,983</u>	<u>2,160,778</u>	<u>8,141,127</u>
Lease and rental income	-	53,453	-	53,453
Other fees and charges	85,484	5,124	94,516	185,124
Total operating revenues	<u>5,803,850</u>	<u>320,560</u>	<u>2,255,294</u>	<u>8,379,704</u>
<u>Operating expenses:</u>				
Cost of sales	-	257,020	1,863,265	2,120,285
Personal services	2,557,012	76,929	396,697	3,030,638
Materials and supplies	2,137,190	86,063	88,007	2,311,260
Other services and charges	467,267	25,826	55,271	548,364
Depreciation and amortization	1,878,725	257,432	1,341,949	3,478,106
Total operating expenses	<u>7,040,194</u>	<u>703,270</u>	<u>3,745,189</u>	<u>11,488,653</u>
Net operating income	(1,236,344)	(382,710)	(1,489,895)	(3,108,949)
<u>Nonoperating revenue (expense):</u>				
Sales tax	-	-	4,595,949	4,595,949
Investment income	86,094	180	4,659	90,933
Intergovernmental revenue	114,117	203,722	12,953	330,792
Interest expense	(16,313)	-	(995,599)	(1,011,912)
Total nonoperating revenue (expense)	<u>183,898</u>	<u>203,902</u>	<u>3,617,962</u>	<u>4,005,762</u>
Net income before contributions and transfers	(1,052,446)	(178,808)	2,128,067	896,813
Transfers from other funds	2,670,522	1,383,535	325,770	4,379,827
Transfers to other funds	(1,231,831)	-	(11,283)	(1,243,114)
Transfer to other governments	-	-	-	-
Change in fund net position	386,245	1,204,727	2,442,554	4,033,526
Net position-beginning of year	30,234,911	3,449,551	26,050,073	59,734,535
Prior year restatement	-	-	-	-
Net position-end of year	<u>\$ 30,621,156</u>	<u>\$ 4,654,278</u>	<u>\$ 28,492,627</u>	<u>\$ 63,768,061</u>

City of Elk City, Oklahoma
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2022

	Public Works Authority	Airport Authority	Industrial Authority
<u>Cash flows from operating activities:</u>			
Receipts from customers	\$ 5,355,876	\$ 318,364	\$ 2,183,159
Payments to suppliers	(2,530,278)	(394,781)	(1,489,747)
Payments to employees	(2,521,161)	(74,513)	(392,399)
Net cash provided (used) by operating activities	304,437	(150,930)	301,013
<u>Cash flows from non-capital financing activities:</u>			
Transfers from other funds	2,670,522	1,383,535	325,770
Transfers to other funds	(1,231,831)	-	(11,283)
Transfers to other governments	-	-	-
Intergovernmental revenues	114,117	-	4,595,949
Net cash provided (used) by non-capital financing activities	1,552,808	1,383,535	4,910,436
<u>Cash flows from capital and related financing activities:</u>			
Purchase of capital assets	(1,814,417)	(944,409)	(11,648,965)
Capital grants and contributions	-	203,722	12,953
Issuance of capital debt	-	-	-
Principal paid on capital debt	(1,645,000)	-	(6,895,000)
Interest paid on capital debt	(19,576)	-	(988,436)
Net cash provided (used) by capital and related financing activities	(3,478,993)	(740,687)	(19,519,448)
<u>Cash flows from investing activities:</u>			
Change in investments	-	-	416,921
Investment income	86,094	179	4,659
Net cash provided (used) by investing activities	86,094	179	421,580
Net increase (decrease) in cash and cash equivalents	(1,535,654)	492,097	(13,886,419)
Cash & cash equivalents, beginning of the year	2,459,884	173,543	19,920,525
Cash & cash equivalents, end of the year	<u>\$ 924,230</u>	<u>\$ 665,640</u>	<u>\$ 6,034,106</u>
Cash, including time deposits	\$ 506,008	\$ 665,640	\$ 2,348,391
Restricted cash, including time deposits	418,222	-	3,685,715
Total cash and cash equivalents, end of year	<u>\$ 924,230</u>	<u>\$ 665,640</u>	<u>\$ 6,034,106</u>
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u>			
Operating income (loss)	\$ (1,236,344)	\$ (382,710)	\$ (1,489,895)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	1,878,725	257,432	1,341,949
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	881	-	(80,371)
(Increase) decrease in other receivable	(448,855)	(2,492)	8,236
(Increase) decrease in inventory	(158,865)	(6,511)	(304,987)
Increase (decrease) in accounts payable	136,618	(19,361)	821,783
Increase (decrease) in payroll liabilities	35,851	2,416	4,298
Increase (decrease) in other liabilities	96,426	296	-
Total adjustments	1,540,781	231,780	1,790,908
Net cash provided (used) by operating activities	\$ 304,437	\$ (150,930)	\$ 301,013

City of Elk City, Oklahoma
Statement of Fiduciary Net Position
June 30, 2022

	District 2 Drug Task Force Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 257,846	\$ 39,861
Investments	2,300,000	196,000
Due from other governments	-	-
Property, plant and equipment, net	-	-
Total assets	\$ 2,557,846	\$ 235,861
LIABILITIES		
Accounts payable	\$ 3,766	\$ -
Accrued salaries	38,725	-
Bonds and deposits subject to refund	-	224,434
Due to other funds	34,182	11,427
Total liabilities	76,673	235,861
NET ASSETS HELD IN TRUST		
District 2 drug task force funds	2,481,173	-
Net assets held in trust	\$ 2,481,173	\$ -

City of Elk City, Oklahoma
Statement of Revenues, Expenses and Changes in Fiduciary Net Position
Trust Fund
Year Ended June 30, 2022

	District 2 Drug Task Force Trust Funds
<u>ADDITIONS</u>	
Forfeitures	\$ 9,694
Other Income	-
Interest	6,942
Transfer in	225,000
Total additions	241,636
 <u>DEDUCTIONS</u>	
Personal services	200,740
Supplies and repairs	6,668
Other charges and services	52,191
Depreciation	18,932
Transfer out	225,000
Total deductions	503,531
Change in net assets	(261,895)
 <u>NET ASSETS HELD IN TRUST</u>	
Beginning of year	2,743,068
End of year	\$ 2,481,173

(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, 2022. The City operates under a charter with a Council-Manager form of government.

A. Reporting Entity

Fund Types and Major Funds

Major Governmental Funds

General Fund

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

Capital Projects Fund

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

Economic Development Fund

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

Major Proprietary Funds

Elk City Public Works Authority

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

Elk City Airport Authority

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

Elk City Industrial Authority

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

Fiduciary Component Units (reported in fiduciary financial statements)

District 2 Drug Task Force Trust

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

Agency Fund

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

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

B. Basic Financial Statements

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide statements report using the economic resources 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, 2022, the City has estimated an allowance of \$123,007 and \$384,496 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 different 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 different between projected and actual earnings on pension plan investments.

Restricted Assets

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

Use of Estimates

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

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

E. Policies Related to Revenues and Expenses

Program Revenues

Charges for Services

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

Grants and Contributions

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

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

General Revenues

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

Sales Tax

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

(2) ASSETS AND LIABILITIES AND NET POSITION

A. Assets

Deposits and Investments

Deposits and Certificates of Deposit

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

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

The City had no investments as of June 30, 2022.

Receivables and Uncollectable Amounts

Due from other governments

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

Accounts Receivable

Governmental activities report ambulance patient receivables totaling \$191,644, net of allowance of \$123,077.

CITY OF ELK CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Proprietary activities report accounts receivable of \$1,373,195 comprised of amounts due from rock yard vendors and citizens for utility services provided. The City has recorded an allowance of \$334,361 based upon historical management knowledge and experience.

Capital Assets

Changes in Capital Assets

	Primary Government			
	Balance at July 1, 2021	Additions	Deletions	
<i>Governmental Activities</i>				
Land and construction in process	\$ 5,325,163	\$ -	\$ -	\$ 5,325,163
Buildings & structures	16,494,594	-	-	16,494,594
Machinery, furniture, & equipment	25,311,499	523,253	-	25,834,752
Instructure & improvements	46,527,905	130,329	-	46,658,234
Total	\$ 93,659,161	\$ 653,582	\$ -	\$ 94,312,743
Less accumulated depreciation	56,617,025	2,545,336	-	59,162,361
Governmental fixed assets, net	\$ 37,042,136	\$ (1,891,754)	\$ -	\$ 35,150,382
<i>Business-type Activities</i>				
Land and construction in process	\$ 3,484,458	\$ 11,020,995	\$ -	\$ 14,505,453
Buildings & structures	32,963,510	72,460	-	33,035,970
Machinery, furniture, & equipment	10,958,167	1,476,925	-	12,435,092
Instructure & improvements	52,331,050	1,837,412	-	54,168,462
Total	\$ 99,737,185	\$ 14,407,792	\$ -	\$ 114,144,977
Less accumulated depreciation	36,858,552	3,478,106	-	40,336,658
Business-type fixed assets, net	\$ 62,878,633	\$ 10,929,686	\$ -	\$ 73,808,319
Total primary government	\$ 99,920,769	\$ 9,037,932	\$ -	\$ 108,958,701
<i>Fiduciary Funds</i>				
Machinery, furniture, & equipment	\$ 523,315	\$ -	\$ -	\$ 523,315
Total	\$ 523,315	\$ -	\$ -	\$ 523,315
Less accumulated depreciation	504,382	18,933	-	523,315
Fiduciary fund fixed assets, net	\$ 18,933	\$ (18,933)	\$ -	\$ -

Business-type Assets by Fund

Capital Assets by Fund

	Public Works Authority	Airport Authority	Industrial Authority	Total Enterprise Fixed Assets
Land and CIP	\$ 2,900,966	\$ 296,917	\$ 11,307,570	\$ 14,505,453
Buildings & structures	662,362	140,980	32,232,628	33,035,970
Machinery, furniture, & equipment	8,402,481	998,457	3,034,154	12,435,092
Infrastructure & improvements	34,636,109	4,373,130	15,159,223	54,168,462
Total	46,601,918	5,809,484	61,733,575	114,144,977
Less accumulated depreciation	<u>(20,462,064)</u>	<u>(1,808,166)</u>	<u>(18,066,428)</u>	<u>(40,336,658)</u>
Business-type fixed assets, net	<u>\$ 26,139,854</u>	<u>\$ 4,001,318</u>	<u>\$ 43,667,147</u>	<u>\$ 73,808,319</u>

Depreciation Expense

Primary Government			
<u>Governmental Activities</u>		<u>Business-type Activities</u>	
General government	\$ 279,055	Water	\$1,021,420
Public safety & judiciary	591,941	Customer service	109,481
Transportation	257,274	Sewer	92,918
Culture, parks and recreation	565,676	Landfill	83,187
Public service	525,164	Street	301,353
Economic development	326,226	Trash	270,366
		Airport	257,431
		Industrial	1,341,950
Total depreciation expense	<u>\$ 2,545,336</u>	Total depreciation expense	<u>\$3,478,106</u>

CITY OF ELK CITY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

B. Liabilities

Capital Leases, Notes, and Bonds Payable

Business-Type Activities

Notes Payable:

The Elk City Industrial Authority issued Sales Tax Revenue Note, Series 2015 in March 2015 in the original amount of \$10,000,000 to construct and equip new elementary school facilities. The note carries an interest rate of 2.49%, maturing June 1, 2025. The note is secured with pledged sales tax of 0.5% 3,305,000

The Elk City Industrial Authority issued Sales Tax Revenue Bonds, Series 2019 in June 2019 totaling \$23,530,000 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. 16,755,000

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. 4,920,000

\$ 24,980,000

Changes in Long-Term Debt

<u>Type of Debt</u>	<u>Balance at July 1, 2021</u>	<u>Amount Issued</u>	<u>Amount Retired</u>	<u>Balance at June 30, 2022</u>	<u>Due Within One Year</u>
Governmental activities:					
TCF Capital Lease	\$ 116,277	\$ -	\$ 116,277	\$ -	\$ -
Pension obligation	5,138,952	-	2,644,458	2,494,494	-
Total governmental activities	<u>\$ 5,255,229</u>	<u>\$ -</u>	<u>\$ 2,760,735</u>	<u>\$ 2,494,494</u>	<u>\$ -</u>
Business-type activities:					
Public Works Authority					
Series 2013 Note	1,645,000	-	1,645,000	-	-
Total Public Works Authority	<u>1,645,000</u>	<u>-</u>	<u>1,645,000</u>	<u>-</u>	<u>-</u>
Industrial Authority					
Elementary School	4,350,000	-	1,045,000	3,305,000	1,070,000
Sales Tax Revenue Bonds 2019	22,345,000	-	5,590,000	16,755,000	700,000
Series 2019 Revenue Note	5,180,000	-	260,000	4,920,000	265,000
Total Industrial Authority	<u>31,875,000</u>	<u>-</u>	<u>6,895,000</u>	<u>24,980,000</u>	<u>2,035,000</u>
Total business-type debt	<u>\$ 33,520,000</u>	<u>\$ -</u>	<u>\$ 8,540,000</u>	<u>\$ 24,980,000</u>	<u>\$ 2,035,000</u>

Annual Debt Service Requirements

Year Ending June 30	Industrial Authority	
	Principal	Interest
2023	\$ 2,035,000	\$ 950,360
2024	2,080,000	901,984
2025	2,155,000	853,502
2026	1,045,000	796,346
2027	1,085,000	751,245
2028-2032	6,150,000	3,035,223
2033-2037	7,310,000	1,875,895
2038-2041	3,120,000	616,144
Totals	\$ 24,980,000	\$ 9,780,699

Revenues of the City are pledged as follows on the debt obligations as of June 30, 2022

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
Elementary School Sales Tax Revenue Bonds 2019	Sales tax revenue of 0.5%	\$ 1,531,983	\$ 1,145,260	75%	\$ 3,305,000	Until 2025
Series 2019 Revenue Note	Sales tax revenue of 1.5%	\$ 4,595,949	\$ 384,919	8%	\$ 4,920,000	Until 2043
	Revenues of water, wastewater, and garbage systems	\$ 5,151,739	\$ 1,454,181	28%	\$ 16,755,000	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	235,028	-
Economic development	2,513,396	-
Debt Service	-	482,017
Capital improvements	2,332,557	3,468,402
Total Restricted Net Position	\$ 5,080,981	\$ 3,950,419

(3) REVENUES AND EXPENSES

A. Interfund Balances

	<u>Due From</u>	<u>Due To</u>
GOVERNMENTAL ACTIVITIES		
<i>GENERAL FUND</i>		
PUBLIC WORKS AUTHORITY	\$ -	\$ 1,520,223
<i>ECONOMIC DEVELOPMENT</i>		
PUBLIC WORKS AUTHORITY	-	7,055
<i>NON-MAJOR FUNDS</i>		
PUBLIC WORKS AUTHORITY	-	3,504
<i>Total Governmental Activities</i>	<u>-</u>	<u>1,530,782</u>
BUSINESS-TYPE ACTIVITIES		
<i>PUBLIC WORKS AUTHORITY</i>		
GENERAL FUND	1,520,223	-
ECONOMIC DEVELOPMENT	7,055	-
AIRPORT AUTHORITY	68,185	-
INDUSTRIAL AUTHORITY	353,693	-
FIDUCIARY ACTIVITIES	63,067	-
NON-MAJOR FUNDS	3,504	-
<i>AIRPORT AUTHORITY</i>		
PUBLIC WORKS AUTHORITY	-	68,185
<i>INDUSTRIAL AUTHORITY</i>		
PUBLIC WORKS AUTHORITY	-	353,693
<i>Total Business-Type Activities</i>	<u>2,015,727</u>	<u>421,878</u>
FIDUCIARY ACTIVITIES		
<i>METER FUND</i>		
PUBLIC WORKS AUTHORITY	-	28,884
<i>DRUG TASK FORCE</i>		
PUBLIC WORKS AUTHORITY	-	34,183
<i>Total Fiduciary Activities</i>	<u>-</u>	<u>63,067</u>
	<u>\$ 2,015,727</u>	<u>\$ 2,015,727</u>

CITY OF ELK CITY, OKLAHOMA
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	<u>Transfer In</u>	<u>Transfer Out</u>
GOVERNMENTAL ACTIVITIES		
<i>GENERAL FUND</i>		
CAPITAL PROJECTS	\$ 975,900	\$ 1,095,396
NON-MAJOR FUNDS	543	211,788
<i>CAPITAL PROJECTS</i>		
PUBLIC WORKS AUTHORITY	-	1,937,281
GENERAL FUND	1,095,396	975,900
AIRPORT AUTHORITY	-	1,383,535
NON-MAJOR FUNDS	-	211,782
ECONOMIC DEVELOPMENT	1,820,238	-
<i>ECONOMIC DEVELOPMENT</i>		
INDUSTRIAL AUTHORITY	-	1,820,238
<i>NON-MAJOR FUNDS</i>		
GENERAL FUND	211,788	543
CAPITAL PROJECTS	211,782	-
BUSINESS-TYPE ACTIVITIES		
<i>PUBLIC WORKS AUTHORITY</i>		
INDUSTRIAL AUTHORITY	11,274	325,770
CAPITAL PROJECTS	1,937,281	-
FIDUCIARY FUND	15,905	-
<i>AIRPORT AUTHORITY</i>		
CAPITAL PROJECTS	1,383,535	-
<i>INDUSTRIAL AUTHORITY</i>		
PUBLIC WORKS AUTHORITY	325,770	11,274
FIDUCIARY FUNDS		
<i>FIDUCIARY FUND</i>	225,000	240,905
	<u>\$ 8,214,412</u>	<u>\$ 8,214,412</u>

(4) PENSION AND POST-EMPLOYMENT PLANS

The City participates in three employee pension systems as follows:

<u>Name of Plan</u>	<u>Type of Plan</u>
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	\$ (192,340)
Firefighters	216,267
	\$ 23,927
Net Pension Liability (Asset)	
Police	\$ (1,921,434)
Firefighters	2,494,494
	\$ 573,060
Deferred Outflows of Resources	
Police	\$ 720,751
Firefighters	1,321,973
	\$ 2,042,724
Deferred Inflows of Resources	
Police	\$ 1,947,575
Firefighters	2,327,453
	\$ 4,275,028

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, 2022, the Plan covered 98 employees with a total payroll of \$7,692,461.

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

Total employer contribution expense was \$274,682 for fiscal year 2022, while the employees contributed \$64,683. The Plan has been established and can be amended by City Commission's approval of an ordinance and Joinder agreement.

B. Oklahoma Police Pension and Retirement Systems

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

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

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered. Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10

CITY OF ELK CITY, OKLAHOMA
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JUNE 30, 2022

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 \$193,829.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the City reported an asset of \$1,921,434 for its proportionate share of the net pension liability. The net pension asset was measured as of July 1, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2021. 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, 2021. Based upon this information, the City's proportion was 0.004005.

For the year ended June 30, 2022, the City recognized pension expense of \$(192,340). At June 30, 2022, 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	\$ 27,587	\$ 75,839
Changes of assumptions	29,219	-
Net difference between projected and actual earnings on pension plan investments	470,116	1,871,736
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	193,829	-
Total	\$ 720,751	\$ 1,947,575

At June 30, 2022, the City reported \$193,829 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources totaling \$529,169 related to pensions will be recognized as an increase in pension expense as follows:

Year ended June 30:		
2022	\$	(126,719)
2023		(280,896)
2024		(355,251)
2025		(467,063)
2026		3,105
Total	\$	(1,226,824)

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2021, 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.
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CITY OF ELK CITY, OKLAHOMA
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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, 2021, 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, 2021, are summarized in the following table:

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

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

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

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

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
City's proportionate share of the net pension liability/(asset)	(720,596)	(1,921,434)	(2,936,833)

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.

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

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

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per years of service, with a maximum of 30 years of service. For disabilities not-in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per 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 \$171,975.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the City reported a liability of \$2,494,494 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. 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, 2021. Based upon this information the City's proportion was 0.00378776.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 904,696	\$ 43,807
Changes of assumptions	-	55,328
Net difference between projected and actual earnings on pension plan investments	245,302	2,228,318
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	<u>171,975</u>	<u>-</u>
Total	<u>\$ 1,321,973</u>	<u>\$ 2,327,453</u>

For the year ended June 30, 2022, the City recognized pension expense of \$216,267. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

At June 30, 2022, the City reported \$171,975 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources totaling \$961,188 related to pensions will be recognized as an increase in pension expense as follows:

Year ended June 30:	
2022	\$ (12,183)
2023	(233,567)
2024	(289,929)
2025	(469,800)
2026	<u>-</u>
Total	\$ (1,005,480)

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2021, 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, 2021, 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, 2021, 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)	3,898,160	2,494,494	1,319,334

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 3, 2022. The landfill is currently in use under permit number 3505009 with an estimated useful life of 0.69 years remaining. The financial statements reflect an accrual of \$1,828,846 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 18.7 years with an associated closing cost of \$1,741,139. The financial statements reflect an accrual of 1/18 of the estimated liability, totaling \$93,109.

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, 2022

	Original Budget	Revisions	Revised Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES					
Sales tax	\$ 4,771,388	\$ 850,000	\$ 5,621,388	\$ 5,798,729	\$ 177,341
Use tax	1,379,719	300,000	1,679,719	1,671,468	(8,251)
Franchise tax	375,000	80,000	455,000	494,935	39,935
Other taxes	244,124	140,000	384,124	109,639	(274,485)
Licenses and permits	50,000	85,000	135,000	88,534	(46,466)
Rents & royalties	162,877	175,000	337,877	379,282	41,405
Fines and forfeitures	160,000	-	160,000	99,978	(60,022)
Charges for services	1,455,000	76,000	1,531,000	1,896,838	365,838
Intergovernmental revenues	-	-	-	338,746	338,746
Donations	11,000	-	11,000	9,937	(1,063)
Other revenues	125,000	427,128	552,128	485,585	(66,543)
Interest	90,000	-	90,000	57,070	(32,930)
Total revenues	8,824,108	2,133,128	10,957,236	11,430,741	473,505
EXPENDITURES					
General government:					
Managerial	359,011	93,950	452,961	452,637	324
General government	1,343,915	62,500	1,406,415	1,405,522	893
Treasurer	91,037	1,550	92,587	92,569	18
City Attorney	51,316	-	51,316	51,081	235
Public safety and judiciary:					
Police & DOC	3,257,877	104,500	3,362,377	3,362,307	70
Municipal Court	86,854	17,400	104,254	99,179	5,075
Animal Control	204,818	2,050	206,868	206,840	28
Fire	1,935,582	108,300	2,043,882	2,043,512	370
Ambulance	1,045,487	2,129	1,047,616	1,019,996	27,620
Culture and recreation:					
Museum	484,523	(95,000)	389,523	389,471	52
Library	303,804	(13,500)	290,304	289,805	499
Civic Center	68,000	27,500	95,500	94,723	777
Park	577,317	45,200	622,517	622,077	440
Swimming Pool	75,746	(47,000)	28,746	28,373	373
Public services					
Cemetery	154,338	-	154,338	149,596	4,742
Inspection	197,782	36,250	234,032	233,758	274
Total expenditures	10,237,407	345,829	10,583,236	10,541,446	41,790
Revenue over (under) expenditures	(1,413,299)	1,787,299	374,000	889,295	431,715
OTHER FINANCING SOURCES (USES)					
Operating transfers in/(out)	-	(203,998)	(203,998)	(347,294)	(143,296)
Net other financing sources (uses)	-	(203,998)	(203,998)	(347,294)	(143,296)
Revenues and other financing sources over (under) expenditures and other uses	(1,413,299)	1,583,301	170,002	542,001	288,419
Fund balance at beginning of year (Non-GAAP budgetary basis)	14,790,745		14,790,745	13,778,878	
Fund balance at end of year (Non-GAAP budgetary basis)	<u>\$ 13,377,446</u>		<u>\$ 14,960,747</u>	<u>\$ 14,320,879</u>	
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Revenue and transfer accruals				396,401	
Fund balance at end of year (GAAP basis)				<u>\$ 14,717,280</u>	

City of Elk City Oklahoma
Economic Development
Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES					
Miscellaneous income	\$ 2,500	\$ -	\$ 2,500	\$ 1,786,787	\$ 1,784,287
Interest	1,000	-	1,000	2,038	1,038
Total revenues	<u>3,500</u>	<u>-</u>	<u>3,500</u>	<u>1,788,825</u>	<u>1,785,325</u>
EXPENDITURES					
<u>Economic Development</u>					
Personal services	109,303	-	109,303	-	109,303
Materials & supplies	5,000	132,460	137,460	48,225	89,235
Other charges & services	143,900	-	143,900	62,225	81,675
Capital outlay	-	-	-	81,527	(81,527)
Total expenditures	<u>258,203</u>	<u>132,460</u>	<u>390,663</u>	<u>191,977</u>	<u>198,686</u>
Revenue over (under) expenditures	(254,703)	(132,460)	(387,163)	1,596,848	1,586,639
OTHER FINANCING SOURCES (USES)					
Operating transfers in/(out)	-	-	-	(1,820,238)	(1,820,238)
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,820,238)</u>	<u>(1,820,238)</u>
Revenues and other financing sources over (under) expenditures and other uses	(254,703)	(132,460)	(387,163)	(223,390)	
Fund balance at beginning of year (Non-GAAP budgetary basis)			<u>3,428,222</u>	<u>(296,858)</u>	
Fund balance at end of year (Non-GAAP budgetary basis)			\$ 3,041,059	\$ (520,248)	
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Revenue and transfer accruals				<u>690,204</u>	
Fund balance at end of year (GAAP basis)				<u>\$ 169,956</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, 2022

	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*
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%
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)
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
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%
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%

* 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

	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*
Contractually required contribution	\$ 129,023	\$ 133,394	\$ 152,164	\$ 161,172	\$ 179,063	\$ 186,112	\$ 160,867	\$ 193,829
Contributions in relation to the contractually required contribution	(129,023)	(133,394)	(152,164)	(161,172)	(179,063)	(186,112)	(160,867)	(193,829)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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
Contributions as a percentage of covered-employee payroll	8.44%	8.20%	9.31%	9.48%	9.75%	9.31%	8.32%	8.86%

** 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, 2022

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>
City's portion of the net pension liability (asset)	0.4238%	0.4524%	0.4263%	0.4447%	0.3925%	0.1647%	0.1365%	0.3788%
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
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
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%
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%

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

SCHEDULE OF CITY CONTRIBUTIONS
Oklahoma Fire Pension Retirement Plan

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>
Contractually required contribution	\$ 158,403	\$ 173,050	\$ 166,927	\$ 156,196	\$ 168,708	\$ 167,827	\$ 184,475	\$ 171,975
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>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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
Contributions as a percentage of covered-employee payroll	10.64%	10.99%	10.35%	9.55%	9.10%	8.77%	9.62%	8.42%

** 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 (continued)
June 30, 2022

	<u>Street & Alley Fund</u>	<u>Improvement Fund</u>	<u>Civil Defense</u>	<u>Police Special Revenue</u>	<u>Fire Special Revenue</u>	<u>Cemetery Corpus Fund</u>	<u>Municipal Court Fund</u>	<u>Animal Control Fund</u>	<u>Special Library Fund</u>
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 78,722	\$ 81,871	\$ -	\$ 2,446	\$ 6,927	\$ -
Investments	100,000	15,000	2,000	50,000	57,000	60,000	-	-	60,000
Due from other funds	-	-	-	-	-	-	-	-	-
Prepaid asset	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 100,000</u>	<u>\$ 15,000</u>	<u>\$ 2,000</u>	<u>\$ 128,722</u>	<u>\$ 138,871</u>	<u>\$ 60,000</u>	<u>\$ 2,446</u>	<u>\$ 6,927</u>	<u>\$ 60,000</u>
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 4,309	\$ -	\$ -	\$ 1,825	\$ -
Due to other funds	-	-	-	-	-	-	3,504	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,309</u>	<u>-</u>	<u>3,504</u>	<u>1,825</u>	<u>-</u>
FUND BALANCES									
Restricted	100,000	-	-	-	-	60,000	-	-	-
Committed	-	-	-	-	-	-	-	5,102	-
Assigned	-	15,000	2,000	128,722	134,562	-	(1,058)	-	60,000
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	<u>100,000</u>	<u>15,000</u>	<u>2,000</u>	<u>128,722</u>	<u>134,562</u>	<u>60,000</u>	<u>(1,058)</u>	<u>5,102</u>	<u>60,000</u>
Total liabilities and fund balances	<u>\$ 100,000</u>	<u>\$ 15,000</u>	<u>\$ 2,000</u>	<u>\$ 128,722</u>	<u>\$ 138,871</u>	<u>\$ 60,000</u>	<u>\$ 2,446</u>	<u>\$ 6,927</u>	<u>\$ 60,000</u>

City of Elk City, Oklahoma
Combining Balance Sheet
Non-Major Governmental Funds (continued)
June 30, 2022

	Revolving Loan Fund	Carousel Maintenance	Museum Exhibit Fund	Landfill	Clearing	Public Facilities	Hotel Tax Fund	Tax Incentive Fund	Total Non-Major Funds
ASSETS									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 236,771	\$ 68,344	\$ -	\$ 345,228	\$ 2,887,743	\$ 3,708,052
Investments	5,000	100,000	-	450,000	-	41,000	655,500	600,000	2,195,500
Due from other funds	-	-	-	-	-	-	799	-	799
Prepaid asset	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 5,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 686,771</u>	<u>\$ 68,344</u>	<u>\$ 41,000</u>	<u>\$ 1,001,527</u>	<u>\$ 3,487,743</u>	<u>\$ 5,904,351</u>
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,530	\$ -	\$ 23,664
Due to other funds	-	-	-	-	-	-	-	-	3,504
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,530</u>	<u>-</u>	<u>27,168</u>
FUND BALANCES									
Restricted	-	-	-	-	-	-	-	3,487,743	3,647,743
Committed	-	-	-	686,771	-	41,000	983,997	-	1,716,870
Assigned	5,000	100,000	-	-	-	-	-	-	444,226
Unassigned	-	-	-	-	68,344	-	-	-	68,344
Total fund balances	<u>5,000</u>	<u>100,000</u>	<u>-</u>	<u>686,771</u>	<u>68,344</u>	<u>41,000</u>	<u>983,997</u>	<u>3,487,743</u>	<u>5,877,183</u>
Total liabilities and fund balances	<u>\$ 5,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 686,771</u>	<u>\$ 68,344</u>	<u>\$ 41,000</u>	<u>\$ 1,001,527</u>	<u>\$ 3,487,743</u>	<u>\$ 5,904,351</u>

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

	Street & Alley Fund	Improvement Fund	Civil Defense	Police Special Revenue	Fire Special Revenue	Cemetery Corpus Fund	Municipal Court Fund	Animal Control Fund	Special Library Fund
REVENUES									
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-	14,550	-
Fines & forfeitures	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-
Other income	-	-	-	12,098	63,181	-	-	-	-
Donations	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	155	-	-	-	3	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,253</u>	<u>63,181</u>	<u>-</u>	<u>-</u>	<u>14,553</u>	<u>-</u>
EXPENDITURES									
General government:									
General government	-	-	-	-	-	-	-	-	-
Total general government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Public safety and judiciary:									
Police	-	-	-	6,107	-	-	-	-	-
Municipal court	-	-	-	-	-	-	30	-	-
Fire	-	-	-	-	46,274	-	-	-	-
Animal control	-	-	-	-	-	-	-	24,775	-
Total public safety and judiciary	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,107</u>	<u>46,274</u>	<u>-</u>	<u>30</u>	<u>24,775</u>	<u>-</u>
Transportation:									
Street	-	-	-	-	-	-	-	-	-
Total transportation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cultural, parks and recreation:									
Musuem	-	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-	-
Total cultural, parks and recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Public Service:									
Landfill	-	-	-	-	-	-	-	-	-
Total public services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Economic Development:									
Economic development	-	-	-	-	-	-	-	-	-
Total economic development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay									
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,107</u>	<u>46,274</u>	<u>-</u>	<u>30</u>	<u>24,775</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,146</u>	<u>16,907</u>	<u>-</u>	<u>(30)</u>	<u>(10,222)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)									
Transfers in/(out)	-	-	-	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	6,146	16,907	-	(30)	(10,222)	-
Fund balances - beginning	100,000	15,000	2,000	122,576	117,655	60,000	(1,028)	15,324	60,000
Fund balances - ending	<u>\$ 100,000</u>	<u>\$ 15,000</u>	<u>\$ 2,000</u>	<u>\$ 128,722</u>	<u>\$ 134,562</u>	<u>\$ 60,000</u>	<u>\$ (1,058)</u>	<u>\$ 5,102</u>	<u>\$ 60,000</u>

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

	Revolving Loan Fund	Carousel Maintenance	Museum Exhibit Fund	Landfill	Clearing	Public Facilities	Hotel Tax Fund	Tax Incentive Fund	Total Non-Major Funds
REVENUES									
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 547,296	\$ 547,296
Charges for services	-	-	-	-	-	-	429,238	-	443,788
Fines & forfeitures	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	464	-	-	-	75,743
Donations	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	1,146	3,649	-	2,193	3,481	10,627
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,146</u>	<u>4,113</u>	<u>-</u>	<u>431,431</u>	<u>550,777</u>	<u>1,077,454</u>
EXPENDITURES									
General government:									
General government	-	-	-	-	-	-	-	-	-
Total general government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Public safety and judiciary:									
Police	-	-	-	-	-	-	-	-	6,107
Municipal court	-	-	-	-	-	-	-	-	30
Fire	-	-	-	-	-	-	-	-	46,274
Animal control	-	-	-	-	-	-	-	-	24,775
Total public safety and judiciary	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,186</u>
Transportation:									
Street	-	-	-	-	-	-	-	-	-
Total transportation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cultural, parks and recreation:									
Musuem	-	-	25,000	-	-	-	-	-	25,000
Library	-	-	-	-	-	-	-	-	-
Total cultural, parks and recreation	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Public Service:									
Landfill	-	-	-	-	-	-	-	-	-
Total public services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Economic Development:									
Economic development	-	-	-	-	-	-	338,718	-	338,718
Total economic development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>338,718</u>	<u>-</u>	<u>338,718</u>
Capital outlay									
Total expenditures	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>338,718</u>	<u>-</u>	<u>440,904</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(25,000)</u>	<u>1,146</u>	<u>4,113</u>	<u>-</u>	<u>92,713</u>	<u>550,777</u>	<u>636,550</u>
OTHER FINANCING SOURCES (USES)									
Transfers in/(out)	-	-	-	200,000	(542)	-	657	423,570	623,685
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>(542)</u>	<u>-</u>	<u>657</u>	<u>423,570</u>	<u>623,685</u>
Net change in fund balances	-	-	(25,000)	201,146	3,571	-	93,370	974,347	1,260,235
Fund balances - beginning	5,000	100,000	25,000	485,625	64,773	41,000	890,627	2,513,396	4,616,948
Fund balances - ending	<u>\$ 5,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 686,771</u>	<u>\$ 68,344</u>	<u>\$ 41,000</u>	<u>\$ 983,997</u>	<u>\$ 3,487,743</u>	<u>\$ 5,877,183</u>

City of Elk City, Oklahoma
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2022

	Water Meter Deposit Fund	Municipal Court Bond Fund	Total Agency Funds
ASSETS			
Cash and cash equivalents	\$ 27,455	\$ 12,406	\$ 39,861
Investments	196,000	-	196,000
Total assets	<u>\$ 223,455</u>	<u>\$ 12,406</u>	<u>\$ 235,861</u>
LIABILITIES			
Due to other funds	\$ 11,427	-	\$ 11,427
Bonds and deposits subject to refund	212,028	12,406	224,434
Total liabilities	<u>\$ 223,455</u>	<u>\$ 12,406</u>	<u>\$ 235,861</u>

City of Elk City, Oklahoma
Combining Statement of Fund Net Position
Proprietary Funds: Combining Industrial Authority
June 30, 2022

	Industry Fund	CAAPS Sales Tax Fund	Rock Yard Fund	Ambulance Fund	Elementary School Tax Fund	Combining Industrial Authority
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ -	\$ 331,512	\$ -	\$ 2,016,879	\$ 2,348,391
Investments	-	-	948,591	-	-	948,591
Due from other funds	1,127	-	-	-	-	1,127
Accounts receivable, net	-	-	465,153	-	-	465,153
Taxes receivable	-	264,259	-	-	132,129	396,388
Note receivable, current	-	-	-	-	-	-
Inventory	-	-	1,029,101	-	-	1,029,101
Total current assets	<u>1,127</u>	<u>264,259</u>	<u>2,774,357</u>	<u>-</u>	<u>2,149,008</u>	<u>5,188,751</u>
Current assets:						
Restricted assets:						
Cash, including time deposits	-	3,685,715	-	-	-	3,685,715
Investments	-	3,468,422	-	-	-	3,468,422
Total restricted assets	<u>-</u>	<u>7,154,137</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,154,137</u>
Noncurrent assets:						
Discount on debt issued	-	187,295	-	-	-	187,295
Capital assets (net)	5,420,712	37,322,541	811,558	112,336	-	43,667,147
Total noncurrent assets	<u>5,420,712</u>	<u>37,509,836</u>	<u>811,558</u>	<u>112,336</u>	<u>-</u>	<u>43,854,442</u>
Total assets	<u>\$ 5,421,839</u>	<u>\$ 44,928,232</u>	<u>\$ 3,585,915</u>	<u>\$ 112,336</u>	<u>\$ 2,149,008</u>	<u>\$ 56,197,330</u>
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 402	\$ 637,430	\$ 394,802	\$ -	\$ -	\$ 1,032,634
Payroll liabilities	-	2,694	16,046	-	-	18,740
Due to other funds	-	-	354,821	-	-	354,821
Deferred revenue	-	-	-	-	-	-
Accrued interest payable	-	162,905	-	-	-	162,905
Notes payable, current	-	965,000	-	-	1,070,000	2,035,000
Total current liabilities	<u>402</u>	<u>1,768,029</u>	<u>765,669</u>	<u>-</u>	<u>1,070,000</u>	<u>3,604,100</u>
Noncurrent liabilities:						
Notes payable, non-current	-	20,710,000	-	-	2,235,000	22,945,000
Premium on debt issuance, net	-	1,155,603	-	-	-	1,155,603
Total noncurrent liabilities	<u>-</u>	<u>21,865,603</u>	<u>-</u>	<u>-</u>	<u>2,235,000</u>	<u>24,100,603</u>
Total liabilities	<u>402</u>	<u>23,633,632</u>	<u>765,669</u>	<u>-</u>	<u>3,305,000</u>	<u>27,704,703</u>
NET POSITION						
Net investment in capital assets	5,420,712	15,647,541	811,558	112,336	-	21,992,147
Restricted	-	7,154,137	-	-	-	7,154,137
Unrestricted	725	(1,507,078)	2,008,688	-	(1,155,992)	(653,657)
Total fund net position	<u>\$ 5,421,437</u>	<u>\$ 21,294,600</u>	<u>\$ 2,820,246</u>	<u>\$ 112,336</u>	<u>\$ (1,155,992)</u>	<u>\$ 28,492,627</u>

City of Elk City, Oklahoma
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds: Industrial Authority
Year Ended June 30, 2022

	Industry Fund	CAAPS Sales Tax Fund	Rock Yard Fund	Industry Fund	CAAPS Sales Tax Fund	Combined Industrial Authority
Operating revenues:						
Charges for services:						
Water charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer charges	-	-	-	-	-	-
Sanitation charges	-	-	-	-	-	-
Sale of fuel and rock	-	-	2,160,778	-	-	2,160,778
Utility surcharges	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Total charges for services	-	-	2,160,778	-	-	2,160,778
Lease and rental income	-	-	-	-	-	-
Other fees and charges	-	81,902	12,614	-	-	94,516
Total operating revenues	-	81,902	2,173,392	-	-	2,255,294
Operating expenses:						
Cost of sales	-	-	1,863,265	-	-	1,863,265
Personal services	-	68,608	328,089	-	-	396,697
Materials and supplies	-	19,585	68,422	-	-	88,007
Other services and charges	-	15,309	38,403	-	1,559	55,271
Depreciation and amortization	237,927	1,000,981	98,261	4,780	-	1,341,949
Total operating expenses	237,927	1,104,483	2,396,440	4,780	1,559	3,745,189
Net operating income	(237,927)	(1,022,581)	(223,048)	(4,780)	(1,559)	(1,489,895)
Nonoperating revenue (expense):						
Sales tax	-	3,063,966	-	-	1,531,983	4,595,949
Investment income	-	-	3,288	-	1,371	4,659
Intergovernmental revenue	-	12,953	-	-	-	12,953
Interest expense	-	(895,916)	-	-	(99,683)	(995,599)
Total nonoperating revenue (expense)	-	2,181,003	3,288	-	1,433,671	3,617,962
Net income before contributions and transfers	(237,927)	1,158,422	(219,760)	(4,780)	1,432,112	2,128,067
Transfers from other funds	-	325,770	-	-	-	325,770
Transfers to other funds	-	-	(10,228)	-	(1,055)	(11,283)
Transfer to other governments	-	-	-	-	-	-
Change in fund net position	(237,927)	1,484,192	(229,988)	(4,780)	1,431,057	2,442,554
Net position-beginning of year	5,659,364	19,810,408	3,050,234	117,116	(2,587,049)	26,050,073
Prior year restatement	-	-	-	-	-	-
Net position-end of year	\$ 5,421,437	\$ 21,294,600	\$ 2,820,246	\$ 112,336	\$ (1,155,992)	\$ 28,492,627

City of Elk City, Oklahoma
Combining Statement of Fund Net Position
Proprietary Funds: Public Works Authority
June 30, 2022

	Gross Revenue Fund	Drinking Water SRF Fund	Water System Improvement Fund	Combined Public Works Authority
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 506,008	\$ -	\$ -	\$ 506,008
Investments	1,002,000	-	-	1,002,000
Due from other funds	2,128,372	-	-	2,128,372
Accounts receivable, net	519,417	-	-	519,417
Taxes receivable	9,663	-	-	9,663
Note receivable, current	-	-	-	-
Inventory	512,687	-	-	512,687
Total current assets	4,678,147	-	-	4,678,147
Current assets:				
Restricted assets:				
Cash, including time deposits	212,325	-	205,897	418,222
Investments	-	-	-	-
Total restricted assets	212,325	-	205,897	418,222
Noncurrent assets:				
Discount on debt issued	-	-	-	-
Capital assets (net)	19,653,774	6,486,080	-	26,139,854
Total noncurrent assets	19,653,774	6,486,080	-	26,139,854
Total assets	\$ 24,544,246	\$ 6,486,080	\$ 205,897	\$ 31,236,223
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 264,405	\$ -	\$ 28,060	\$ 292,465
Payroll liabilities	322,602	-	-	322,602
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Accrued interest payable	-	-	-	-
Notes payable, current	-	-	-	-
Total current liabilities	587,007	-	28,060	615,067
Noncurrent liabilities:				
Notes payable, non-current	-	-	-	-
Premium on debt issuance, net	-	-	-	-
Total noncurrent liabilities	-	-	-	-
Total liabilities	587,007	-	28,060	615,067
NET POSITION				
Net investment in capital assets	19,653,774	6,486,080	-	26,139,854
Restricted	212,325	-	205,897	418,222
Unrestricted	4,091,140	-	(28,060)	4,063,080
Total fund net position	\$ 23,957,239	\$ 6,486,080	\$ 177,837	\$ 30,621,156

City of Elk City, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2022

	<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	\$ 2,127,134	\$ -	\$ -	\$ 2,127,134
Sewer charges	707,385	-	-	707,385
Sanitation charges	2,391,178	-	-	2,391,178
Sale of fuel and rock	-	-	-	-
Utility surcharges	435,240	-	-	435,240
Penalties	57,429	-	-	57,429
Total charges for services	<u>5,718,366</u>	<u>-</u>	<u>-</u>	<u>5,718,366</u>
Lease and rental income	-	-	-	-
Other fees and charges	85,484	-	-	85,484
Total operating revenues	<u>5,803,850</u>	<u>-</u>	<u>-</u>	<u>5,803,850</u>
<u>Operating expenses:</u>				
Cost of sales	-	-	-	-
Personal services	2,557,012	-	-	2,557,012
Materials and supplies	2,090,570	-	46,620	2,137,190
Other services and charges	467,267	-	-	467,267
Depreciation and amortization	1,878,725	-	-	1,878,725
Total operating expenses	<u>6,993,574</u>	<u>-</u>	<u>46,620</u>	<u>7,040,194</u>
Net operating income	(1,189,724)	-	(46,620)	(1,236,344)
<u>Nonoperating revenue (expense):</u>				
Sales tax	-	-	-	-
Investment income	24,614	-	61,480	86,094
Intergovernmental revenue	114,117	-	-	114,117
Interest expense	-	-	(16,313)	(16,313)
Total nonoperating revenue (expense)	<u>138,731</u>	<u>-</u>	<u>45,167</u>	<u>183,898</u>
Net income before contributions and transfers	(1,050,993)	-	(1,453)	(1,052,446)
Transfers from other funds	1,882,532	-	787,990	2,670,522
Transfers to other funds	(1,231,831)	-	-	(1,231,831)
Transfer to other governments	-	-	-	-
Change in fund net position	(400,292)	-	786,537	386,245
Net position-beginning of year	24,357,531	6,486,080	(608,700)	30,234,911
Prior year restatement	-	-	-	-
Net position-end of year	<u>\$ 23,957,239</u>	<u>\$ 6,486,080</u>	<u>\$ 177,837</u>	<u>\$ 30,621,156</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 Honorable Mayor and City Commission
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 the City of Elk City, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Elk City, Oklahoma's basic financial statements, and have issued our report thereon dated February 15, 2023.

Internal Control over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Foresight Advisory & Consulting, PLLC

Foresight Advisory & Consulting, PLLC

Oklahoma City, Oklahoma

February 15, 2023