

CITY OF
HOLDENVILLE,
OKLAHOMA



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

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

**THE CITY OF HOLDENVILLE,
OKLAHOMA**

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

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

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

This page intentionally left blank

TABLE OF CONTENTS

Independent Auditor’s Report on Financial Statements	5-7
Management’s Discussion and Analysis – Other Information	9-15
 The Basic Financial Statements:	
 Government-Wide Financial Statements:	
Statement of Net Position (Modified Cash Basis).....	17
Statement of Activities (Modified Cash Basis).....	18
 Governmental Funds Financial Statements:	
Balance Sheet (Modified Cash Basis).....	20
Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis).....	21
 Proprietary Funds Financial Statements:	
Statement of Net Position (Modified Cash Basis)	23
Statement of Revenues, Expenses and Changes in Net Position (Modified Cash Basis).....	24
Statement of Cash Flows (Modified Cash Basis).....	25
 Footnotes to the Basic Financial Statements	 27-38
 Supplementary Information:	
 Budgetary Comparison Information	
Budgetary Comparison Schedule (Modified Cash Basis) – General Fund.....	40
Budgetary Comparison Schedules (Modified Cash Basis) – Sales Tax Lake Project Fund.....	41
Footnotes to Budgetary Comparison Schedules.....	41
 Combining General Fund Accounts Schedules	
Combining Balance Sheet (Modified Cash Basis) – General Fund Accounts.....	42
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) – General Fund Accounts.....	43
 Combining Non-Major Governmental Fund Statements	
Combining Balance Sheet (Modified Cash Basis).....	44
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis).....	44

TABLE OF CONTENTS

Combining Proprietary Fund Accounts Schedules

Combining Schedule of Net Position (Modified Cash Basis) – Holdenville Public Works Authority Accounts.....	45
Combining Schedule of Revenues, Expenditures and Changes in Net Position (Modified Cash Basis) - Holdenville Public Works Authority Accounts.....	46
Combining Schedule of Net Position (Modified Cash Basis) Holdenville Industrial Authority Accounts.....	47
Combining Schedule of Revenues, Expenditures and Changes in Net Position (Modified Cash Basis) Holdenville Industrial Authority Accounts.....	48

Schedules of State Awards Information

Schedule of Expenditures of State Awards	49
--	----

INDEPENDENT AUDITOR'S REPORT

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

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2023, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

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

Adverse Opinion on Discretely Presented Component Unit

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly the financial position of the discretely presented component unit of the City as of June 30, 2023, or the changes in financial position for the year then ended.

Basis for Adverse Opinion on Discretely Presented Component Unit

The financial statements referred to above do not include financial data for the Holdenville Hospital Authority, a legally separate component unit of the City. The modified cash basis of accounting requires financial data for the City's legally separate component units to be reported with the financial data of the City's primary government unless the City also issues financial statements of the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. The amount by which this omission would affect the assets, liabilities, net assets, revenues, and expenses of the discretely presented component unit is not determinable.

Emphasis of Matter—Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Other Information

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

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



Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Arledge & Associates PC.

Edmond, Oklahoma
March 27, 2024



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

This page intentionally left blank

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

The management of the City of Holdenville is providing this annual financial report to its citizens, taxpayers and other report users to demonstrate its accountability and communicate the City's financial condition and activities as of and for the year ended June 30, 2023. Management of the City is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts. The City reports its financial statements and schedules on a modified cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles. All the financial analyses in this report must be considered within the context of the limitations of the modified cash basis of accounting.

FINANCIAL HIGHLIGHTS

- As reported on a modified cash basis, the City's total net position increased by \$1,831,921, and the assets of the City exceed its liabilities at June 30, 2023, by \$40,306,987 (net position). Of this amount, \$7,172,518 (unrestricted net position) is available to meet the government's ongoing needs.
- At June 30, 2023, the City's governmental funds reported combined ending fund balances on a modified cash basis of \$5,523,613.
- At the end of fiscal 2023, unassigned fund balance on a modified cash basis for the General Fund was \$1,702,603, equivalent to 39.6% of General Fund revenues.

ABOUT THE CITY

The City of Holdenville is an incorporated municipality with a population of approximately 5,916 located in Hughes County in southeastern Oklahoma. The City is a Council-Manager form of government and operates under state law and City ordinances through three branches of government:

- Legislative – the City Council is a five-member governing body elected by ward
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Manager, removable by Council action

The City provides typical municipal services such as public safety, health and welfare, street and alley maintenance, parks and recreation, and through its Public Works Authority and Industrial Authority, certain utility services including water, wastewater, sanitation, and industrial development activities.

The City's Financial Reporting Entity

This annual report includes all activities for which the City of Holdenville City Council is financially accountable except for the Holdenville Hospital Authority, which management has elected to exclude from this report. The activities, defined as the City's financial reporting entity, are operated within separate legal entities that make up the primary government.

The City's financial reporting entity includes the following separate legal entities.

- **The City of Holdenville** – an incorporated City that operates the public safety, streets and public works, health and welfare, culture and recreation, and administrative activities of the City
- **The Holdenville Public Works Authority (HPWA)** – public trust created pursuant to 60 O.S. § 176 to operate the water, wastewater, and sanitation services of the City, with the City Council members serving as the trustees
- **The Holdenville Industrial Authority (HIA)** - public trust created pursuant to 60 O.S. § 176 that promotes, develops and secures industrial development within the City, with the City Council members serving as the trustees

As mentioned above, **the Holdenville Hospital Authority** is also a component unit of the City that issues separately audited financial statements, but is not included in this audited set of financial statements due to its use of a different financial reporting framework than the City. The Hospital Authority provides physical facilities, improvements and services for the purpose of providing public health care. Separate audited financial statements can be obtained by contacting: Holdenville General Hospital, 100 Crestview Drive, Holdenville, Oklahoma 74848.

For each of the above public trusts, the City of Holdenville is the beneficiary of the trusts and the City Council either serves as the governing body of the trusts or appoints the trustees. In addition, as required by state law, all debt obligations incurred by the trusts must be approved by two-thirds vote of the City Council. This is considered sufficient imposition of will to demonstrate financial accountability and to include the trusts within the City's financial reporting entity. With the exception of the Holdenville Hospital Authority, the public trusts do not issue separate annual audited financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all the activities of the City of Holdenville (the "City"), the Holdenville Public Works Authority (the "Public Works Authority"), and the Holdenville Industrial Authority (the "Industrial Authority"). Included in this report are government-wide statements for each of the two categories of activities - governmental and business-type.

The government-wide financial statements present the financial picture of the City as applicable to the modified cash basis of accounting. These statements include current assets of the City as well as current liabilities, resulting from modified cash basis transactions. They present governmental and business-type activities separately and combined. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Reporting the City as a Whole

The Statement of Net Position and Statement of Activities

One of the most important questions to ask about the City's finances is, "Has the City's overall financial condition improved, declined or remained steady as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. You will need to consider other non-financial factors, however, such as changes in the City's sales tax base, the condition of the City's roads, and quality of service to assess the overall health of the City. You will also need to keep in mind that these government-wide statements are prepared in accordance with the modified cash basis of accounting and include only those City assets and liabilities resulting from cash transactions.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities: *Governmental activities* - Most of the City's basic services are reported here, including the police, fire, administration, and streets. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities; and *Business-type activities* - Activities where the City typically charges a fee to customers to help cover all or most of the cost of certain services it provides are reported here. The City's water, sewer, and sanitation utilities, along with industrial development, are reported as business-type activities.

Reporting the City's Most Significant Funds - Fund Financial Statements

Fund Financial Statements

The fund financial statements provide detailed information about the City's most significant (major) funds -- not the City as a whole. Some funds are required to be established by State law and by debt covenants. However, the City Council may also establish certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City has two kinds of funds - *governmental and proprietary*.

Governmental funds - All of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Governmental funds report their activities on a modified cash basis of accounting. For example, these funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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

Proprietary funds - The City operates two proprietary-type enterprise funds, the Holdenville Public Works Authority (major fund), and the Holdenville Industrial Authority (major fund). When the City, through the Public Works Authority, or Industrial Authority, charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are also reported on the modified cash basis of accounting.

Notes to the Financial Statements

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found beginning on page 27 of this report.

Supplementary and Other Information

In addition to the basic financial statements and accompanying notes, this report also presents Budgetary Comparison Schedules for the General Fund and the Sales Tax Lake Project Fund, combining and individual fund financial statements and schedules, and schedules of expenditures of federal and state awards.

THE CITY AS A WHOLE

For the year ended June 30, 2023, net position on a modified cash basis for the governmental and business-type activities increased \$1,831,921.

Following is a summary of net position reported on a modified cash basis for the City of Holdenville.

TABLE 1
NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2023	2022		2023	2022		2023	2022	
Total assets	\$ 5,528	\$ 5,415	2%	\$ 34,957	\$ 33,229	5%	\$ 40,485	\$ 38,644	5%
Total liabilities	4	0	0%	174	169	3%	178	169	5%
Net position									
Restricted	3,453	3,295	5%	29,681	27,677	7%	33,134	30,972	7%
Unrestricted	2,071	2,120	-2%	5,102	5,383	-5%	7,173	7,503	-4%
Total net position	<u>\$ 5,524</u>	<u>\$ 5,415</u>	2%	<u>\$ 34,783</u>	<u>\$ 33,060</u>	5%	<u>\$ 40,307</u>	<u>\$ 38,475</u>	5%

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

TABLE 2
CHANGES IN NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2023	2022		2023	2022		2023	2022	
Revenues									
Charges for service	\$ 255	\$ 186	37%	\$ 2,578	\$ 2,834	-9%	\$ 2,833	\$ 3,020	-6%
Operating grants and contributions	76	80	-5%	-	-	-	76	80	-5%
Capital grants, debt proceeds and contributions	32	1,117	-97%	333	9	3600%	365	1,126	-68%
Taxes	3,821	3,688	4%	-	-	-	3,821	3,688	4%
Intergovernmental revenue	147	149	-1%	485	480	1%	632	629	0%
Investment income	17	16	6%	746	38	1863%	763	54	1313%
Miscellaneous	624	592	5%	92	45	104%	716	637	12%
Total revenues	4,972	5,828	-15%	4,234	3,406	24%	9,206	9,234	0%
Expenses									
General government	408	369	11%	-	-	-	408	369	11%
Court and judicial	11	12	-8%	-	-	-	11	12	-8%
Public safety	1,319	1,148	15%	-	-	-	1,319	1,148	15%
Streets	331	356	-7%	-	-	-	331	356	-7%
Airport	778	1,139	-32%	-	-	-	778	1,139	-32%
Culture, parks and recreation	137	137	0%	-	-	-	137	137	0%
Hospital (payments to component unit)	621	619	0%	-	-	-	621	619	0%
Interest on long-term debt	16	78	-79%	-	-	-	16	78	-79%
Water	-	-	-	2,187	2,145	2%	2,187	2,145	2%
Wastewater	-	-	-	808	415	95%	808	415	95%
Sanitation	-	-	-	609	579	5%	609	579	5%
Lake	-	-	-	111	109	2%	111	109	2%
Industrial development	-	-	-	-	2	-100%	-	2	-100%
Work center	-	-	-	38	149	-74%	38	149	-74%
Total expenses	3,621	3,858	-6%	3,753	3,399	10%	7,374	7,257	2%
Excess (deficiency) before transfers	1,351	1,970	-31%	481	7	6771%	1,832	1,977	-7%
Transfers	(1,242)	(1,238)	0%	1,242	1,238	0%	-	-	-
Change in net position	109	732	-85%	1,723	1,245	38%	1,832	1,977	-7%
Beginning net position	5,415	4,683	16%	33,060	31,815	4%	38,475	36,498	5%
Ending net position	\$ 5,524	\$ 5,415	2%	\$ 34,783	\$ 33,060	5%	\$ 40,307	\$ 38,475	5%

Governmental Activities

The City's governmental activities had an increase in net position of \$108,770. Charges for services increased \$68,700 due mainly to an increase in police fines of \$45,001. Capital grants, debt proceeds and contributions decreased \$1,085,187 due primarily to a decrease in airport grants of \$1,105,478, netted with an increase of \$30,645 for debt proceeds from prior year. Airport expenses decreased \$360,562 directly related to various airport grant projects in the past two years; however, current year airport expenses have not been reimbursed from the granting agency as of year-end. Principal and interest on long-term debt decreased by \$62,383 from prior year due mainly to the pay-off of the police note for police cars in the prior year.

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

TABLE 3
Net Revenue (Expense) of Governmental Activities
(In Thousands)

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
	General government	\$ 408	\$ 369	11%	\$ (393)	\$ (346)
Court and judicial	11	12	-8%	(11)	(12)	-8%
Public safety	1,319	1,148	15%	(1,197)	(1,111)	8%
Streets	331	356	-7%	(283)	(300)	-6%
Airport	778	1,139	-32%	(610)	108	-665%
Culture, parks and recreation	137	137	0%	(127)	(117)	9%
Hospital	621	619	0%	(621)	(619)	0%
Principal and interest on long-term debt	16	78	-79%	(16)	(78)	-79%
Total	\$ 3,621	\$ 3,858	-6%	\$ (3,258)	\$ (2,475)	32%

Business-type Activities

The business-type activities had an increase in net position of \$1,723,151. Capital grants, debt proceeds and contributions increased \$323,044 due mainly to the receipt of two CDBG grants in the current year. Investment income increased \$707,681 due to the trustee statement investments in the current year. Miscellaneous income increased \$47,984 due mainly to the receipt of insurance proceeds of \$34,873 in the current year related to the Work Center building damage. Wastewater expenses increased by \$393,569 directly related to the CDBG grant activity in the current year. Expense decreased for work center by \$111,468 related to the early payoff of the 2001 Series Work Center Bonds in the prior year.

TABLE 4
Net Revenue (Expense) of Business-Type Activities
(In Thousands)

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
	Water	\$ 2,187	\$ 2,145	2%	\$ (974)	\$ (866)
Wastewater	808	415	95%	307	462	-34%
Sanitation	609	579	5%	(150)	(107)	40%
Lake	111	109	2%	(39)	(37)	5%
Industrial development	-	2	-100%	52	142	-63%
Work center	38	149	-74%	(38)	(149)	-74%
Total	\$ 3,753	\$ 3,399	10%	\$ (842)	\$ (555)	52%

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its 2023 fiscal year, the governmental funds reported a combined fund balance of \$5,523,613. For the year ended June 30, 2023, the General Fund's total fund balance increased by \$118,339. The proprietary funds reported combined net position of \$34,783,374. The HPWA's total net position increased by \$1,626,534, while the HIA's total net position increased by \$96,617.

Budgetary Highlights

For the year ended June 30, 2023, the General Fund reported actual budgetary basis revenues under final estimates by \$161,142 or a 2.8% negative variance. General Fund actual expenditures were under final appropriations by \$159,865 or a 2.8% positive variance.

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES

The following information outlines significant known factors that will affect subsequent year finances:

- The FY 2024 budget is relatively consistent to prior years.
- The City approved to change to a City Manager form of government. The new council was seated in April 2023 and City Manager was hired in May 2023.

Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk/Treasurer's office at 101 North Creek Street, Holdenville, Oklahoma 74848 or telephone at 405-379-3397.

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

BASIC FINANCIAL STATEMENTS – STATEMENTS OF NET POSITION AND ACTIVITIES

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

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

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 4,267,567	\$ 31,919,498	\$ 36,187,065
Investments	1,081,002	3,216,913	4,297,915
Internal balances	179,328	(179,328)	-
Total assets	<u>5,527,897</u>	<u>34,957,083</u>	<u>40,484,980</u>
LIABILITIES			
Due to other governments	4,284	-	4,284
Due to depositors	-	173,709	173,709
Total liabilities	<u>4,284</u>	<u>173,709</u>	<u>177,993</u>
NET POSITION			
Restricted for:			
Debt service	-	1,806,054	1,806,054
Culture and recreation	2,394,455	-	2,394,455
Airport	770,613	-	770,613
Fire	44,837	-	44,837
Other purposes	242,813	27,875,697	28,118,510
Unrestricted	2,070,895	5,101,623	7,172,518
Total net position	<u>\$ 5,523,613</u>	<u>\$ 34,783,374</u>	<u>\$ 40,306,987</u>

See accompanying notes to these financial statements.

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

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

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants, Debt Proceeds and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental Activities:							
General Government	\$ 408,332	\$ 14,042	\$ 1,250	\$ -	\$ (393,040)	\$ -	\$ (393,040)
Court and Judicial	10,832	-	-	-	(10,832)	-	(10,832)
Public Safety	1,319,404	73,133	18,913	30,645	(1,196,713)	-	(1,196,713)
Highways and Streets	331,128	-	47,783	-	(283,345)	-	(283,345)
Airport	778,190	167,797	-	129	(610,264)	-	(610,264)
Culture and Recreation	136,415	-	8,118	895	(127,402)	-	(127,402)
Hospital (payments to component unit)	621,402	-	-	-	(621,402)	-	(621,402)
Principal and Interest on Long-term Debt	15,461	-	-	-	(15,461)	-	(15,461)
Total governmental activities	<u>3,621,164</u>	<u>254,972</u>	<u>76,064</u>	<u>31,669</u>	<u>(3,258,459)</u>	<u>-</u>	<u>(3,258,459)</u>
Business-Type Activities:							
Water	2,186,873	1,213,024	-	-	-	(973,849)	(973,849)
Sewer	808,079	782,054	-	332,519	-	306,494	306,494
Sanitation	608,721	458,215	-	-	-	(150,506)	(150,506)
Lake	111,228	72,075	-	-	-	(39,153)	(39,153)
Industrial Development	-	52,236	-	-	-	52,236	52,236
Work Center	37,550	-	-	-	-	(37,550)	(37,550)
Total business-type activities	<u>3,752,451</u>	<u>2,577,604</u>	<u>-</u>	<u>332,519</u>	<u>-</u>	<u>(842,328)</u>	<u>(842,328)</u>
Total primary government	<u>\$ 7,373,615</u>	<u>\$ 2,832,576</u>	<u>\$ 76,064</u>	<u>\$ 364,188</u>	<u>(3,258,459)</u>	<u>(842,328)</u>	<u>(4,100,787)</u>
General revenues:							
Taxes:							
Sales and use taxes					3,640,748	-	3,640,748
Franchise taxes and public service taxes					173,788	-	173,788
Hotel Motel taxes					6,102	-	6,102
Intergovernmental revenue not restricted to specific programs					146,948	484,944	631,892
Unrestricted investment earnings					17,535	745,573	763,108
Miscellaneous					624,504	92,566	717,070
Transfers					(1,242,396)	1,242,396	-
Total general revenues and transfers					<u>3,367,229</u>	<u>2,565,479</u>	<u>5,932,708</u>
Change in net position					108,770	1,723,151	1,831,921
Net position - beginning					5,414,843	33,060,223	38,475,066
Net position - ending					<u>\$ 5,523,613</u>	<u>\$ 34,783,374</u>	<u>\$ 40,306,987</u>

See accompanying notes to these financial statements.

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

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

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

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

	<u>General Fund</u>	<u>Sales Tax Lake Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 2,332,995	\$ 1,667,222	\$ 267,350	\$ 4,267,567
Investments	-	1,081,002	-	1,081,002
Due from other funds	341,748	204	13,725	355,677
Total assets	<u>\$ 2,674,743</u>	<u>\$ 2,748,428</u>	<u>\$ 281,075</u>	<u>\$ 5,704,246</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other governments	\$ 4,284	\$ -	\$ -	\$ 4,284
Due to other funds	13,726	154,921	7,702	176,349
Total liabilities	<u>18,010</u>	<u>154,921</u>	<u>7,702</u>	<u>180,633</u>
Fund balances:				
Restricted:				
Police	44,837	-	-	44,837
Airport	770,613	-	-	770,613
Lake project	-	2,369,006	-	2,369,006
Library	-	-	25,449	25,449
Cemetery	-	-	242,813	242,813
Assigned to:				
Budgetary purposes	138,680	-	-	138,680
Lake project	-	224,501	-	224,501
Library	-	-	5,111	5,111
Unassigned	1,702,603	-	-	1,702,603
Total fund balances	<u>2,656,733</u>	<u>2,593,507</u>	<u>273,373</u>	<u>5,523,613</u>
Total liabilities and fund balances	<u>\$ 2,674,743</u>	<u>\$ 2,748,428</u>	<u>\$ 281,075</u>	<u>\$ 5,704,246</u>

See accompanying notes to these financial statements.

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

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

	<u>General Fund</u>	<u>Sales Tax Lake Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 3,199,440	\$ 621,198	\$ -	\$ 3,820,638
Intergovernmental	205,808	-	8,118	213,926
Charges for services	14,909	-	1,737	16,646
Fines and forfeitures	73,633	-	-	73,633
Licenses and permits	6,436	-	-	6,436
Investment income	3,270	13,531	734	17,535
Miscellaneous	792,721	-	150	792,871
Total Revenues	<u>4,296,217</u>	<u>634,729</u>	<u>10,739</u>	<u>4,941,685</u>
EXPENDITURES				
Current:				
General government	381,466	-	15,721	397,187
Court and judicial	10,832	-	-	10,832
Public safety	1,244,378	-	-	1,244,378
Highway and streets	331,128	-	-	331,128
Airport	7,800	-	-	7,800
Culture and recreation	126,905	-	3,689	130,594
Capital Outlay	847,953	-	14,429	862,382
Debt Service:				
Principal	14,845	-	-	14,845
Interest and other charges	616	-	-	616
Total Expenditures	<u>2,965,923</u>	<u>-</u>	<u>33,839</u>	<u>2,999,762</u>
Excess (deficiency) of revenues over expenditures	<u>1,330,294</u>	<u>634,729</u>	<u>(23,100)</u>	<u>1,941,923</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from debt	30,645	-	-	30,645
Sales tax payment to hospital	(621,402)	-	-	(621,402)
Transfers in	621,198	-	-	621,198
Transfers out	(1,242,396)	(621,198)	-	(1,863,594)
Total other financing sources and uses	<u>(1,211,955)</u>	<u>(621,198)</u>	<u>-</u>	<u>(1,833,153)</u>
Net change in fund balances	118,339	13,531	(23,100)	108,770
Fund balances - beginning	2,538,394	2,579,976	296,473	5,414,843
Fund balances - ending	<u>\$ 2,656,733</u>	<u>\$ 2,593,507</u>	<u>\$ 273,373</u>	<u>\$ 5,523,613</u>

See accompanying notes to these financial statements.

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

BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS

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

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

	<u>Enterprise Funds</u>		
	<u>Holdenville Public Works Authority</u>	<u>Holdenville Industrial Authority</u>	<u>Total Enterprise Funds</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,668,434	\$ 819,274	\$ 5,487,708
Restricted cash and cash equivalents	26,431,790	-	26,431,790
Restricted investments	3,216,913	-	3,216,913
Due from other funds	154,717	-	154,717
Total assets	<u>34,471,854</u>	<u>819,274</u>	<u>35,291,128</u>
LIABILITIES			
Current liabilities:			
Due to other funds	333,945	100	334,045
Deposits subject to refund	173,709	-	173,709
Total liabilities	<u>507,654</u>	<u>100</u>	<u>507,754</u>
NET POSITION			
Restricted for debt service	1,806,054	-	1,806,054
Restricted for capital improvements	26,642,927	-	26,642,927
Restricted for grants	965,333	-	965,333
Restricted for other purposes	267,437	-	267,437
Unrestricted	4,282,449	819,174	5,101,623
Total net position	<u>\$ 33,964,200</u>	<u>\$ 819,174</u>	<u>\$ 34,783,374</u>

See accompanying notes to these financial statements.

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

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

	Enterprise Funds		
	Holdenville	Holdenville	Total Enterprise
	Public Works	Industrial	
	Authority	Authority	Funds
OPERATING REVENUES			
Water charges	\$ 1,184,879	\$ -	\$ 1,184,879
Sewer charges	763,909	-	763,909
Sanitation charges	426,938	-	426,938
Property cleanup revenue	40,019	-	40,019
Landfill charges	21,136	-	21,136
Penalty charges	15,062	-	15,062
Boat and camping permits	72,075	-	72,075
Reconnect fee	1,350	-	1,350
Rentals	-	9,000	9,000
Telephone and vending commission	-	43,236	43,236
Miscellaneous	-	34,873	34,873
Total operating revenues	<u>2,525,368</u>	<u>87,109</u>	<u>2,612,477</u>
OPERATING EXPENSES			
Administration	224,206	-	224,206
Sewer	628,682	-	628,682
Water	364,864	-	364,864
Sanitation	390,985	-	390,985
Landfill	177,444	-	177,444
Line Maintenance	201,590	-	201,590
Lake	111,228	-	111,228
Work center	-	37,550	37,550
Total operating expenses	<u>2,098,999</u>	<u>37,550</u>	<u>2,136,549</u>
Operating income	<u>426,369</u>	<u>49,559</u>	<u>475,928</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	744,406	1,167	745,573
Principal payments	(212,486)	-	(212,486)
Interest expense	(1,396,916)	-	(1,396,916)
Trustee fees	(6,500)	-	(6,500)
Capital grants and contributions	332,519	-	332,519
Operating grants and contributions	484,944	-	484,944
Miscellaneous revenue	11,802	45,891	57,693
Total non-operating revenue (expenses)	<u>(42,231)</u>	<u>47,058</u>	<u>4,827</u>
Income before transfers	384,138	96,617	480,755
Transfers in	1,863,594	-	1,863,594
Transfers out	(621,198)	-	(621,198)
Change in net position	<u>1,626,534</u>	<u>96,617</u>	<u>1,723,151</u>
Total net position - beginning	32,337,666	722,557	33,060,223
Total net position- ending	<u>\$ 33,964,200</u>	<u>\$ 819,174</u>	<u>\$ 34,783,374</u>

See accompanying notes to these financial statements.

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

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

	Enterprise Funds		Total Enterprise Funds
	Holdenville Public Works Authority	Holdenville Industrial Authority	
	Authority	Authority	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 2,537,170	\$ 133,000	\$ 2,670,170
Payments to suppliers	(1,516,723)	(37,550)	(1,554,273)
Payments to employees	(582,276)	-	(582,276)
Receipts of customer meter deposits	19,685	-	19,685
Refunds of customer meter deposits	(15,215)	-	(15,215)
Received from grantor	484,944	-	484,944
Net cash provided by operating activities	927,585	95,450	1,023,035
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	1,863,594	-	1,863,594
Transfers to other funds	(621,198)	-	(621,198)
Change in due to/from other funds	178,935	100	179,035
Net cash provided by noncapital financing activities	1,421,331	100	1,421,431
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Receipt of capital grant	332,519	-	332,519
Principal paid on debt	(212,486)	-	(212,486)
Interest and fiscal agent fees paid on debt	(1,403,416)	-	(1,403,416)
Net cash provided by (used in) capital and related financing activities	(1,283,383)	-	(1,283,383)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale (Purchase) of investments	(988,015)	-	(988,015)
Interest and dividends	744,406	1,167	745,573
Net cash provided by (used in) investing activities	(243,609)	1,167	(242,442)
Net increase in cash and cash equivalents	821,924	96,717	918,641
Balances - beginning of year	30,278,300	722,557	31,000,857
Balances - end of year	\$ 31,100,224	\$ 819,274	\$ 31,919,498
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 4,668,434	\$ 819,274	\$ 5,487,708
Restricted cash and cash equivalents - current	26,431,790	-	26,431,790
Total cash and cash equivalents, end of year	\$ 31,100,224	\$ 819,274	\$ 31,919,498
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 426,369	\$ 49,559	\$ 475,928
Adjustments to reconcile operating income to net cash provided by operating activities:			
Miscellaneous revenue	11,802	45,891	57,693
Operating grant	484,944	-	484,944
Change in assets and liabilities:			
Deposits subject to refund	4,470	-	4,470
Net cash provided by operating activities	\$ 927,585	\$ 95,450	\$ 1,023,035

See accompanying notes to these financial statements.

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

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements:

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City's financial reporting entity includes the primary government (City of Holdenville) and two component units.

- **The City of Holdenville**— that operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities
- **The City of Holdenville Public Works Authority** – that operates the water, wastewater and sanitation services of the City
- **The City of Holdenville Industrial Authority** – that promotes, develops and secures industrial development within the City

The Holdenville Hospital Authority is also a component unit of the City that issues separately audited financial statements, but is not included in this audited set of financial statements due to its use of a different financial reporting framework from the City's. The Hospital Authority provides physical facilities, improvements and services for the purpose of providing public health care. Separate audited financial statements can be obtained by contacting: Holdenville General Hospital, 100 Crestview Drive, Holdenville, Oklahoma 74848.

The City provides typical municipal services such as public safety, health and welfare, street and alley maintenance, parks and recreation, and, through its public trusts, certain utility services including water, wastewater, and sanitation, and industrial development activities.

The component units (Authorities) have the City Council as their governing body (trustees) and the City is able to impose its will on the Authorities through required approval of all debt obligations issued by these entities.

In determining the financial reporting entity, the City complies, with the exception of the omission of the Holdenville Hospital Authority, with the provisions of Governmental Accounting Standards Board Statement No. 14, "*The Financial Reporting Entity*" and Statement Number 61, "*The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34.*" that requires all component units of which the City is financially accountable be included in the financial report.

The component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authorities. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. In addition, the City has leased certain existing assets at the creation of the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

B. Basis of Presentation and Accounting

Government-Wide Financial Statements:

The statement of net position and activities are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles. These modifications include adjustments for the following balances arising from cash transactions:

- cash-based interfund receivables and payables
- assets that normally convert to cash or cash equivalents (certificates of deposit, marketable investments, and receivables resulting from cash)
- liabilities for cash (or cash equivalents) held on behalf of others or held in escrow

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, accrued expenses and liabilities, including OPEB and pension liability) are not recorded in these financial statements.

Program revenues within the statement of activities are derived directly from each activity or from parties outside the City's taxpayers. The City has the following program revenues in each activity:

- General government: License and permits, mowing fees, and operating grants
- Public safety: Fine revenue, impound fees, fire runs, operating and capital grants
- Streets and highways: Gas excise and commercial vehicle taxes
- Airport: Hangar rentals, hay rights, oil & gas royalties, and capital grants
- Culture and recreation: Operating and capital grants

Governmental Funds:

The City's governmental funds are comprised of the following:

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds

 Combined as an account of the General Fund:

- CDBG Grant Account – accounts for revenues and expenditures of certain CDBG grant projects

Special Revenue Fund:

- Sales Tax Lake Project Fund – accounts for sales tax restricted for the construction of a new lake

Non-Major Funds (Reported as Other Governmental Funds):

Special Revenue Fund:

- Library Fund – accounts for all library revenues retained for library use only

Capital Project Fund:

- Cemetery Care Fund – accounts for 12.5 percent of cemetery revenues restricted by State law for cemetery capital improvements

The governmental funds are reported on a modified cash basis of accounting. Only current financial assets and liabilities are generally included on the fund balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. These fund financial statements use fund balance as their measure of available spendable financial resources at the end of the period.

Proprietary Funds:

The City's proprietary funds are comprised of the following:

Major Funds:

- Holdenville Public Works Authority (HPWA) Enterprise Fund – accounts for the operation of the water, wastewater, and sanitation activities
- Holdenville Industrial Authority (HIA) Enterprise Fund – accounts for industrial development activities

The proprietary funds are also reported on a modified cash basis, as defined above.

For purposes of the statement of revenues, expenses and changes in fund net position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

C. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three months or less, and money market accounts. Investments consist of long-term certificates of deposits and are reported at cost.

D. Compensated Absences

As a result of the use of the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the financial statements. Expenditures/expenses related to compensated absences are recorded when paid. The amount of accrued compensated absences for accumulated, unpaid compensatory time that would be due employees upon termination is reported as a commitment in Note 7.

E. Fund Balances and Net Position

Fund Balances:

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision-making authority, which is by ordinance.
- d. Assigned – includes amounts that are constrained by the city’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

It is the City’s policy to first use restricted fund balance prior to the use of the unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City’s policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net Position:

Net position is displayed in two components:

- a. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- b. *Unrestricted net position* - All other net position that does not meet the definition of “restricted”.

It is the City’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

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

F. Internal and Interfund Balances and Transfers

The City’s policy is to eliminate interfund transfers and balances in the statement of activities and net position to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances then offset in the total column in the government-wide statements. Internal transfers and balances between funds are not eliminated in the fund financial statements.

2. Deposits and Investments

For the year ended June 30, 2023, the City recognized \$763,108 of investment income. Most of the City’s deposits are in demand and short-term time deposits.

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

<u>Type</u>	<u>Credit Rating</u>	<u>Carrying Value</u>	<u>On Demand</u>	<u>Less Than One</u>	<u>1-5</u>
Deposits:					
Demand deposits		\$ 11,863,520	11,863,520	-	-
Time deposits-certificates of deposits		4,297,915	-	4,242,466	55,449
Cash on hand		540	540	-	-
		<u>16,161,975</u>			
Investments:					
Federated Gov Oblig Tax-Managed Svc	AAA	24,323,005	-	24,323,005	-
		<u>24,323,005</u>			
Total deposits and investments		<u>\$ 40,484,980</u>	<u>\$ 11,864,060</u>	<u>\$ 28,565,471</u>	<u>\$ 55,449</u>
Reconciliation to Statement of Net Position:					
Cash and cash equivalents		\$ 36,187,065			
Investments		4,297,915			
		<u>\$ 40,484,980</u>			

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the government deposits may not be returned to it. The City is governed by the State Public Deposit Act which requires that the City obtain and hold collateral whose fair value exceeds the amount of uninsured deposits. Investment securities are exposed to custody credit risk if the securities are uninsured, are not registered in the name of the government, and if held by either a counterparty or a counterparty’s trust, department or agent, but not in the government’s name. As of June 30, 2023, the City was not exposed to custodial credit risk as defined above.

Investment Interest Rate Risk - the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk - The City has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investments in: (1) full faith and credit, direct obligations of the U. S. Government, its agencies and instrumentalities, and the State of Oklahoma and certain mortgage insured federal debt; (2) certificates of deposit or savings accounts that are either insured or secured with acceptable collateral; (3) negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain

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

limitations; (4) county, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district; and government money market funds regulated by the SEC. These investment limitations do not apply to the City’s public trusts.

Concentration of Investment Credit Risk - the City places no limit on the amount it may invest in any one issuer.

Restricted Cash and Investments – The amounts reported as restricted assets on the statement of net position are comprised of amounts restricted for utility deposits, debt service, debt reserve, or construction purposes. The restricted assets as of June 30, 2023 are as follows:

<u>Type of Restricted Assets</u>	<u>Current Cash and cash equivalents</u>	<u>Current Investments</u>	<u>Total</u>
HPWA - Utilities			
Utility Deposits	\$ 119,060	\$ 55,449	\$ 174,509
Property Cleanup	267,437	-	267,437
ARPA Grant Funds	-	965,333	965,333
Bond Indenture Accounts:			
Bond Account	1,217,608	-	1,217,608
2016 B.A.N. Construction CD	-	1,103,962	1,103,962
2016 B.A.N. Construction Checking	100	-	100
2017 B.A.N. Construction MM	200,153	-	200,153
2017 B.A.N. Construction MM	304,427	-	304,427
2017 B.A.N. Construction CD	-	1,092,169	1,092,169
2017A Construction Fund	23,942,116	-	23,942,116
2017A Bond Fund	295,768	-	295,768
2017A Sinking Fund	4	-	4
2017B Bond Fund	85,109	-	85,109
2017B Sinking Fund	8	-	8
	<u>8</u>	<u>-</u>	<u>8</u>
Total Enterprise Funds	<u>\$ 26,431,790</u>	<u>\$ 3,216,913</u>	<u>\$ 29,648,703</u>

3. Sales Tax Revenue

Sales tax revenue represents a 5-cent tax on each dollar of taxable sales of which two cents are transferred to the Holdenville Public Works Authority and used to secure debt payments. One cent is voter-restricted for the Hospital Authority and one cent is voter-restricted for lake improvements and used to secure HPWA debt payments.

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

4. Internal Balances and Transfers Between Funds and Legal Entities

Internal balances between funds and legal entities are comprised of the following:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
Library Fund	General Fund	\$ 7,702	Expense reimbursement
General Fund	Cemetery Care Fund	13,725	12.5% required transfer
General Fund	CDBG	1	Set up CDGB account
Sales Tax Lake Fund	General Fund	204	Transferred too much tax
Sales Tax Lake Fund	HPWA	154,717	Deposit to wrong account
HPWA	General Fund	650	Deposit to wrong account
HPWA	General Fund	204	Transferred too much tax
HPWA	General Fund	332,887	Payroll not yet reimbursed
HPWA	Sales Tax Lake Fund	204	Transferred too much tax
HIA	General Fund	100	Deposit to wrong account
Total		<u>\$ 510,394</u>	

Reconciliation to Fund Financial Statements:

	<u>Due From</u>	<u>Due To</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 355,677	\$ (176,349)	\$ 179,328
Proprietary Funds	154,717	(334,045)	(179,328)
Governmental Funds	<u>\$ 510,394</u>	<u>\$ (510,394)</u>	<u>\$ -</u>

Internal transfers between funds and legal entities are comprised of the following:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
HPWA	General Fund	\$ 621,198	Operating transfer
Sales Tax Lake Project Fund	HPWA (Bond Account)	621,198	Sales tax transfer for debt service
General Fund	HPWA	1,242,396	Sales tax transfer
Total		<u>\$ 2,484,792</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 621,198	\$ (1,863,594)	\$ (1,242,396)
Proprietary Funds	1,863,594	(621,198)	1,242,396
	<u>\$ 2,484,792</u>	<u>\$ (2,484,792)</u>	<u>\$ -</u>

5. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The City manages these various risks of loss as follows:

- General Liability, Fleet Coverage, and Physical Property – Covered through participation in Oklahoma Municipal Assurance Group risk entity pool.
- Fire Department Building and Vehicles – Covered through participation in the Risk Management Division of the Department of Central Services, State of Oklahoma self-insurance pool.
- Workers' Compensation – Workers' compensation is covered through purchase of commercial insurance – CompSource Oklahoma.
- Employee's Group Health and Life – Covered through purchase of commercial insurance - HealthChoice.

The City's risk is transferred to the risk entity pool except for claim deductible amounts. The risk pool maintains deposits for claims reserves and other purposes for the benefit of the City. Management believes such insurance coverage listed above is sufficient to preclude any significant uninsured losses to the City, and such claims have not exceeded the coverage over the past three fiscal years.

6. Retirement Plan Participation

The City of Holdenville participates in two pension or retirement plans:

- Oklahoma Firefighter’s Pension and Retirement System (OFPRS) – a statewide multiple-employer cost-sharing plan
- Oklahoma Public Employees Retirement System (OPERS) – a statewide multiple-employer, cost sharing plan

OFPRS:

The City of Holdenville, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Firefighter’s Pension and Retirement System (OFPRS) as a result of the employment of full-time and volunteer firefighters. The OFPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the City must participate in the plan if they employ fulltime or volunteer firefighters. OFPRS plan members are now required to contribute 9% to the plan. The City is now required by state law to contribute 14% per year of covered payroll per paid firefighter. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. For 2023, the City's annual required contribution was \$56,763 for the OFPRS plan and was equal to the City's actual contribution.

The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OFPRS, 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73105-3414.

OPERS:

The City participates in a statewide cost-sharing multiple employer defined benefit pension benefit for all of its full-time employees with the exception of the fire department, through the Oklahoma Public Employees Retirement System (OPERS). The employee’s contribution rate is 3.5%. City’s contribution rate is 16.5%. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

A copy of the OPERS financial statements can be obtained from Oklahoma Public Employees Retirement System, 2101 N. Lincoln Blvd., Room 580, Oklahoma City, OK 73105.

Schedule of Retirement Plan Contributions – OFPRS and OPERS Cost-Sharing Plans:

<u>Oklahoma Public Employees Retirement System</u>			<u>Oklahoma Firefighter's Pension and Retirement System</u>		
<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2021	\$143,946	100%	2021	\$34,356	100%
2022	\$132,456	100%	2022	\$45,720	100%
2023	\$148,715	100%	2023	\$56,763	100%

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

7. Commitments and Contingencies

Long-Term Debt and Debt Service Requirements

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

<u>Type of Debt</u>	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Governmental Activities:					
Notes payable (direct borrowing)	\$ 21,377	\$ 30,645	\$ 14,845	\$ 37,177	\$ 14,229
Total Governmental Activities	<u>\$ 21,377</u>	<u>\$ 30,645</u>	<u>\$ 14,845</u>	<u>\$ 37,177</u>	<u>\$ 14,229</u>
Business-Type Activities:					
Notes payable (direct borrowing)	\$ 17,752	\$ -	\$ 12,486	\$ 5,266	\$ 5,266
Revenue bonds payable	32,695,000	-	200,000	32,495,000	205,000
Total Business-Type Activities	<u>32,712,752</u>	<u>-</u>	<u>212,486</u>	<u>32,500,266</u>	<u>210,266</u>
Total Long-Term and Short-Term Debt	<u>\$ 32,734,129</u>	<u>\$ 30,645</u>	<u>\$ 227,331</u>	<u>\$ 32,537,443</u>	<u>\$ 224,495</u>

Governmental Activities:

At June 30, 2023, the governmental activities long-term and short-term debts payable from taxes and other general revenues include the following:

Notes Payable (direct borrowing):

\$58,166 note payable with First United Bank for the purchase of a John Deere backhoe Tractor/Loader, payable in monthly installments of \$1,046 with an annual interest rate of 3.0%, final payment due March 4, 2024. The note is secured by the equipment. In the event of default on the note, the lender may: 1) declare the entire principal outstanding immediately due and payable (accelerate indebtedness); 2) take possession of the equipment; 3) terminate agreement; 4) legal action if necessary.

\$ 7,109

\$30,645 note payable with Security State Bank for the purchase of a police car, payable in monthly installments of \$707 with an annual interest rate of 5.07%, final payment due May 2027. The note is secured by the equipment. In the event of default on the note, the lender may: 1) declare the entire principal outstanding immediately due and payable (accelerate indebtedness); 2) take possession of the equipment; 3) terminate agreement; 4) legal action if necessary.

30,068

Total Notes Payable	<u>\$ 37,177</u>
Current portion	\$ 14,229
Noncurrent portion	22,948
Total Notes Payable	<u>\$ 37,177</u>

Business-Type Activities:

Long-term and short-term debt commitments payable from net revenues generated by the utility resources or other resources pledged to the City's business-type activities at June 30, 2023, includes the following:

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

Notes Payable (direct borrowing):

<p>\$58,608 note payable with Security State Bank for the purchase of a Jet Rodder, payable in 60 monthly install-ments of \$1,081 with an annual interest rate of 4.0%, final payment due December 20, 2023. The note is secured by the equipment. In the event of default on the note, the lender may: 1) declare the entire principal outstanding immediately due and payable (accelerate indebtedness); 2) take possession of the equipment; 3) terminate agreement; 4) legal action if necessary.</p>	\$ 5,266
Total Notes Payable	\$ 5,266
Current portion	\$ 5,266
Noncurrent portion	-
Total Notes Payable	\$ 5,266

Revenue Bonds Payable:

<p>2017A Tax-Exempt Sales Tax Revenue Refunding Revenue Bonds, original issue amount of \$30,930,000 dated November 17, 2017, issued by Holdenville Public Works Authority, secured by certain utility revenue and pledged sales tax, and interest rates ranging from 2.50% to 5.00%, final payment due November 2052.</p>	\$ 30,830,000
<p>2017B Taxable Sales Tax Revenue Refunding Revenue Bonds, original issue amount of \$2,185,000 dated November 17, 2017, issued by Holdenville Public Works Authority, secured by certain utility revenue and pledged sales tax, and interest rates ranging from 2.40% to 5.00%, final payment due November 2034.</p>	1,665,000
Total Revenue Bonds Payable	\$ 32,495,000
Current portion	\$ 205,000
Noncurrent portion	32,290,000
Total Revenue Bonds Payable	\$ 32,495,000

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

<u>Year Ending June 30.</u>	Governmental Activities	
	Notes Payable (Direct Borrowing)	
	Principal	Interest
2024	\$ 14,229	\$ 1,414
2025	7,490	991
2026	7,878	602
2027	7,580	194
Totals	\$ 37,177	\$ 3,201

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

<u>Year Ending June 30,</u>	Business Type Activities			
	Revenue		Notes Payable	
	Bonds Payable		(Direct Borrowing)	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 205,000	\$ 1,390,653	\$ 5,266	\$ 74
2025	310,000	1,383,353	-	-
2026	320,000	1,374,350	-	-
2027	330,000	1,364,550	-	-
2028	340,000	1,353,926	-	-
2029-2033	3,505,000	6,444,369	-	-
2034-2038	4,565,000	5,538,040	-	-
2039-2043	5,880,000	4,319,468	-	-
2044-2048	7,415,000	2,935,046	-	-
2049-2053	9,625,000	1,095,827	-	-
Totals	<u>\$ 32,495,000</u>	<u>\$ 27,199,582</u>	<u>\$ 5,266</u>	<u>\$ 74</u>

Pledge of Future Revenues:

Sales Tax and Utility Net Revenues Pledge - The City has pledged and transferred three cents (or 60.0%) of future sales tax revenues and net utility revenues to repay the \$30,930,000 Series 2017A Sales Tax Refunding Revenue Bonds and the \$2,185,000 Series 2017B Sales Tax Refunding Revenue Bonds. Proceeds from the bonds provided refunding of bonds and notes issued for capital assets and for the purchase or construction of capital assets. The bonds and notes are payable from pledged sales tax revenues and net utility revenues. The bonds are payable through 2053. The total principal and interest payable for the remainder of the life of these bonds are \$59,694,582. Pledged sales taxes received in the current year were \$1,242,396 and net utility and interest revenues were \$1,877,951. Debt service payments of \$1,602,883 for the current fiscal year were 51.37% of pledged sales taxes and net utility and interest revenues.

Compensated Absences:

As a result of the City's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and comp leave) earned but unpaid at year-end are not reflected in the basic financial statements. The compensated absence commitment at June 30, 2023, is summarized as follows:

HPWA – accrued compensated absences \$55,662
General Fund – accrued compensated absences \$76,359

DEQ Consent Order and Notice of Violation:

The City of Holdenville is currently under a consent order (19-089) for various violations related to the wastewater treatment plant for the period June 18, 2015 through May 25, 2019. The City is currently responding to the task required by DEQ to correct these violations.

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

Contingencies:

The City and its public trusts are parties to various legal proceedings or have threatened litigation which normally occurs in the course of municipal governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State Constitution and statutes provide for the levy of an ad valorem tax over a three-year period by a Sinking Fund for the payment of any court assessed judgment rendered against the City. (This provision is not available to public trusts.) While the outcome of the above noted proceedings or threatened litigation cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

Federal and State Award Programs:

The City of Holdenville participates in various federal or state grant/loan programs from year to year. In 2023, the City's involvement in federal and state award programs was material. 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. The City has not been notified of any noncompliance with federal or state award requirements.

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

SUPPLEMENTARY AND OTHER INFORMATION

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

Budgetary Comparison Schedules (Modified Cash Basis) – General Fund – Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts.</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget - Positive (Negative)</u>
Beginning Budgetary Fund Balance	\$ 661,045	\$ 661,045	\$ 2,537,081	\$ 1,876,036
Resources (Inflows):				
TAXES:				
Sales tax	3,000,000	3,000,000	3,105,991	105,991
Use tax	425,000	425,000	534,757	109,757
Franchise tax	160,000	160,000	173,788	13,788
Hotel Motel Tax	6,000	6,000	6,102	102
Total taxes	<u>3,591,000</u>	<u>3,591,000</u>	<u>3,820,638</u>	<u>229,638</u>
INTERGOVERNMENTAL:				
Alcoholic beverage tax	115,000	115,000	125,631	10,631
Gas excise tax	9,000	9,000	6,084	(2,916)
Vehicle tax	45,000	45,000	41,699	(3,301)
Tobacco tax	25,000	25,000	21,317	(3,683)
Grants	710,000	710,000	11,077	(698,923)
Total Intergovernmental	<u>904,000</u>	<u>904,000</u>	<u>205,808</u>	<u>(698,192)</u>
CHARGES FOR SERVICES:				
Cemetery openings/closing	3,000	3,000	9,229	6,229
Airport hay rights	5,000	5,000	1,980	(3,020)
Airport hangar rental	2,500	2,500	3,700	1,200
	<u>10,500</u>	<u>10,500</u>	<u>14,909</u>	<u>4,409</u>
FINES AND FORFEITURES				
	<u>28,400</u>	<u>28,400</u>	<u>73,633</u>	<u>45,233</u>
LICENSES AND PERMITS:				
Dog tags	1,000	1,000	2,225	1,225
Inspection and building permits	4,000	4,000	4,006	6
Other licenses and permits	5,500	5,500	205	(5,295)
Total licenses and permits	<u>10,500</u>	<u>10,500</u>	<u>6,436</u>	<u>(4,064)</u>
INVESTMENT INCOME				
	<u>750</u>	<u>750</u>	<u>3,270</u>	<u>2,520</u>
MISCELLANEOUS:				
Rentals/leases	250	250	600	350
Miscellaneous	10,000	10,000	175,688	165,688
Reimbursements	12,000	12,000	490	(11,510)
Cemetery - sale of lots	13,000	13,000	6,344	(6,656)
Donations	-	-	2,630	2,630
Oil and gas royalty	550,000	550,000	606,969	56,969
Total Miscellaneous	<u>585,250</u>	<u>585,250</u>	<u>792,721</u>	<u>207,471</u>
OTHER FINANCING SOURCES:				
Proceeds from debt issuance	-	-	30,645	30,645
Transfers from other funds	600,000	600,000	621,198	21,198
Total Other Financing Sources	<u>600,000</u>	<u>600,000</u>	<u>651,843</u>	<u>51,843</u>
Total Resources (Inflows)	<u>5,730,400</u>	<u>5,730,400</u>	<u>5,569,258</u>	<u>(161,142)</u>
Amount available for appropriation	<u>6,391,445</u>	<u>6,391,445</u>	<u>8,106,339</u>	<u>1,714,894</u>
Charges to Appropriations (Outflows):				
Departmental:				
General Government:				
General government	237,890	310,390	269,558	40,832
Governing Board	32,365	32,365	28,019	4,346
Cemetery	90,375	90,375	84,974	5,401
Court and Judicial:				
City Attorney	6,520	6,520	5,385	1,135
Municipal court	6,500	6,500	5,447	1,053
Highways and Streets:				
Street	262,215	262,215	237,962	24,253
Street and Alley	118,960	118,960	107,921	11,039
Airport:				
Airport	703,000	778,600	778,190	410
Public Safety:				
Police	628,575	628,575	609,091	19,484
Fire	473,340	636,040	612,640	23,400
Animal Control	-	58,200	55,240	2,960
Civil Defense	51,310	51,310	43,139	8,171
Culture and Recreation:				
Parks	24,640	44,940	38,236	6,704
Library	83,025	86,625	79,143	7,482
Civic Center	13,500	13,500	10,918	2,582
Payment to Hospital (component unit)	600,000	621,402	621,402	-
Transfers to Other Funds	1,800,000	1,864,207	1,863,594	613
Total other financing sources and uses	<u>5,132,215</u>	<u>5,610,724</u>	<u>5,450,859</u>	<u>159,865</u>
Fund balances - ending	<u>\$ 1,259,230</u>	<u>\$ 780,721</u>	<u>\$ 2,655,480</u>	<u>\$ 1,874,759</u>

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

Budgetary Comparison Schedules (Modified Cash Basis) – General Fund – Year Ended June 30, 2023, (Cont.)

Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balance	
Fund Balance - ending - Budget to Actual Schedule	\$ 2,655,480
CDBG Grant Account	1,253
Fund Balance - ending - Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 2,656,733

Budgetary Comparison Schedules (Modified Cash Basis) – Sales Tax Lake Project Fund - Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance	\$ 2,254,649	\$ 2,254,649	\$ 2,579,976	\$ 325,327
Resources (Inflows)				
Transfers from Other Funds	600,000	621,402	621,198	(204)
Investment Income	3,600	3,600	13,531	9,931
Total Resources (Inflows)	603,600	625,002	634,729	9,727
Amounts Available for Appropriation	2,858,249	2,879,651	3,214,705	335,054
Charges to Appropriations (Outflows)				
Transfer Out	600,000	621,402	621,198	204
Total Charges to Appropriations	600,000	621,402	621,198	204
Fund balances - ending	\$ 2,258,249	\$ 2,258,249	\$ 2,593,507	\$ 335,258

Footnotes to Budgetary Comparison Schedules:

1. The budgetary comparison schedules are reported on the same modified cash basis as governmental funds within the basic financial statements.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require City Manager's approval, while supplemental appropriations require City Council approval.
3. The budgetary basis differs from the modified cash basis as shown in the schedule below:

	<u>General Fund</u>
Resources budgetary basis	\$5,569,258
Deduct proceeds from debt issuance	(30,645)
Deduct transfers in	(621,198)
Sales tax revenue posted as transfer for budget purposes	(621,198)
Revenue – Modified cash basis (General Fund Only)	\$ 4,296,217
Charges to appropriation Budgetary Basis	\$5,450,859
Deduct transfers out	(1,863,594)
Deduct payment to hospital	(621,402)
Expenditures – modified cash basis (General Fund Only)	\$ 2,965,863

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

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

	<u>General Fund</u>	<u>CDBG Grant Account</u>	<u>Total General Fund</u>
ASSETS			
Cash and cash equivalents	\$ 2,331,743	\$ 1,252	\$ 2,332,995
Due to/from other funds	341,747	1	341,748
Total assets	<u>\$ 2,673,490</u>	<u>\$ 1,253</u>	<u>\$ 2,674,743</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds/accounts	\$ 13,726	\$ -	\$ 13,726
Due to other governments	4,284	-	4,284
Total liabilities	<u>18,010</u>	<u>-</u>	<u>18,010</u>
Fund balances:			
Assigned	138,680	-	138,680
Restricted for:			
Airport	770,613	-	770,613
Police	44,837	-	44,837
Unassigned	1,701,350	1,253	1,702,603
Total fund balances	<u>2,655,480</u>	<u>1,253</u>	<u>2,656,733</u>
Total liabilities and fund balances	<u>\$ 2,673,490</u>	<u>\$ 1,253</u>	<u>\$ 2,674,743</u>

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

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

	<u>General Fund</u>	<u>CDBG Grant Account</u>	<u>Total General Fund</u>
REVENUES			
Taxes	\$ 3,199,440	\$ -	\$ 3,199,440
Intergovernmental	205,808	-	205,808
Charges for services	14,909	-	14,909
Fines and forfeitures	73,633	-	73,633
Licenses and permits	6,436	-	6,436
Investment income	3,270	-	3,270
Miscellaneous	792,721	-	792,721
Total revenues	<u>4,296,217</u>	<u>-</u>	<u>4,296,217</u>
EXPENDITURES			
Current:			
General government	381,406	60	381,466
Court and judicial	10,832	-	10,832
Public Safety	1,244,378	-	1,244,378
Highways and streets	331,128	-	331,128
Airport	7,800	-	7,800
Culture and recreation	126,905	-	126,905
Debt Service:			
Principal	14,845	-	14,845
Interest and other charges	616	-	616
Capital Outlay	847,953	-	847,953
Total Expenditures	<u>2,965,863</u>	<u>60</u>	<u>2,965,923</u>
Excess (deficiency) of revenues over expenditures	<u>1,330,354</u>	<u>(60)</u>	<u>1,330,294</u>
OTHER FINANCING SOURCES (USES)			
Sales tax payment to hospital	(621,402)	-	(621,402)
Proceeds from debt	30,645	-	30,645
Transfers in	621,198	-	621,198
Transfers out	<u>(1,242,396)</u>	<u>-</u>	<u>(1,242,396)</u>
Total other financing sources and uses	<u>(1,211,955)</u>	<u>-</u>	<u>(1,211,955)</u>
Net change in fund balances	118,399	(60)	118,339
Fund balances - beginning	2,537,081	1,313	2,538,394
Fund balances - ending	<u>\$ 2,655,480</u>	<u>\$ 1,253</u>	<u>\$ 2,656,733</u>

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

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

	Special Revenue Fund	Capital Projects Fund	Total
	Library	Cemetery Care Fund	Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 38,262	\$ 229,088	\$ 267,350
Due from other funds	-	13,725	13,725
Total assets	\$ 38,262	\$ 242,813	\$ 281,075
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	\$ 7,702	\$ -	\$ 7,702
Total liabilities	7,702	-	7,702
Fund balances:			
Restricted for:			
Library	\$ 25,449	\$ -	\$ 25,449
Cemetery	-	242,813	242,813
Assigned to:			
Library	5,111	-	5,111
Total fund balances	30,560	242,813	273,373
Total liabilities and fund balances	\$ 38,262	\$ 242,813	\$ 281,075

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

	Special Revenue Fund	Capital Projects Fund	Total-Other
	Library	Cemetery Care Fund	Governmental Funds
REVENUES			
Intergovernmental	\$ 8,118	\$ -	\$ 8,118
Charges for services	-	1,737	1,737
Investment earnings	-	734	734
Miscellaneous	-	150	150
Total revenues	8,118	2,621	10,739
 EXPENDITURES			
Current:			
General government	-	15,721	15,721
Culture and recreation	3,689	-	3,689
Capital outlay	4,429	10,000	14,429
Total Expenditures	8,118	25,721	33,839
Net change in fund balances	-	(23,100)	(23,100)
Fund balances - beginning	30,560	265,913	296,473
Fund balances - ending	\$ 30,560	\$ 242,813	\$ 273,373

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

Proprietary Fund Accounts Combining Schedule of Net Position (Modified Cash Basis) –
Holdenville Public Works Authority Enterprise Fund – June 30, 2023

	<u>HPWA</u> <u>Operating</u> <u>Account</u>	<u>HPWA Bond</u> <u>Account</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,668,434	\$ -	\$ 4,668,434
Restricted cash and cash equivalents	891,177	25,540,613	26,431,790
Restricted investments	3,216,913	-	3,216,913
Due from other funds	-	154,717	154,717
Due from other accounts	408	53,452	53,860
Total assets	<u>8,776,932</u>	<u>25,748,782</u>	<u>34,525,714</u>
LIABILITIES			
Current Liabilities:			
Due to other funds	333,741	204	333,945
Due to other accounts	53,452	408	53,860
Deposits subject to refund	173,709	-	173,709
Total liabilities	<u>560,902</u>	<u>612</u>	<u>561,514</u>
NET POSITION			
Restricted for debt service	-	1,806,054	1,806,054
Restricted for capital projects	2,700,811	23,942,116	26,642,927
Restricted for grants	965,333	-	965,333
Restricted for other purposes	267,437	-	267,437
Unrestricted	4,282,449	-	4,282,449
Total net position	<u>\$ 8,216,030</u>	<u>\$ 25,748,170</u>	<u>\$ 33,964,200</u>

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

Proprietary Fund Accounts Combining Schedule of Revenues, Expenses, and Changes in Net Position (Modified Cash Basis) – Holdenville Public Works Authority Enterprise Fund - Year Ended June 30, 2023

	<u>HPWA</u> <u>Operating</u> <u>Account</u>	<u>HPWA Bond</u> <u>Account</u>	<u>Total</u>
OPERATING REVENUES			
Water charges	\$ 1,184,879	\$ -	\$ 1,184,879
Sewer charges	763,909	-	763,909
Sanitation charges	426,938	-	426,938
Property cleanup charges	40,019	-	40,019
Landfill charges	21,136	-	21,136
Penalty charges	15,062	-	15,062
Boat and camping permits	72,075	-	72,075
Reconnect fee	1,350	-	1,350
Total operating revenues	<u>2,525,368</u>	<u>-</u>	<u>2,525,368</u>
OPERATING EXPENSES			
Administration	224,206	-	224,206
Sewer	628,682	-	628,682
Water	364,864	-	364,864
Sanitation	390,985	-	390,985
Landfill	177,444	-	177,444
Line Maintenance	201,590	-	201,590
Lake	111,228	-	111,228
Total Operating Expenses	<u>2,098,999</u>	<u>-</u>	<u>2,098,999</u>
Operating income	<u>426,369</u>	<u>-</u>	<u>426,369</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	32,312	712,094	744,406
Principal retirements	(12,486)	(200,000)	(212,486)
Interest expense	(533)	(1,396,383)	(1,396,916)
Trustee fees	-	(6,500)	(6,500)
Capital grants and contributions	332,519	-	332,519
Operating grants and contributions	484,944	-	484,944
Miscellaneous revenue	11,802	-	11,802
Total non-operating revenue (expenses)	<u>848,558</u>	<u>(890,789)</u>	<u>(42,231)</u>
Income (loss) before transfers	<u>1,274,927</u>	<u>(890,789)</u>	<u>384,138</u>
Interaccount transfers in	-	1,242,396	1,242,396
Interaccount transfers out	(1,242,396)	-	(1,242,396)
Transfers in	1,242,396	621,198	1,863,594
Transfers out	(621,198)	-	(621,198)
Change in net position	<u>653,729</u>	<u>972,805</u>	<u>1,626,534</u>
Total net position - beginning	7,562,301	24,775,365	32,337,666
Total net position - ending	<u>\$ 8,216,030</u>	<u>\$ 25,748,170</u>	<u>\$ 33,964,200</u>

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

**Proprietary Fund Accounts Combining Schedule of Net Position (Modified Cash Basis) –
Holdenville Industrial Authority Enterprise Fund – June 30, 2023**

	<u>HIA Operating Account</u>	<u>HIA Work Release Center Account</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 815,953	\$ 3,321	\$ 819,274
Total assets	815,953	3,321	819,274
LIABILITIES			
Current Liabilities:			
Due to other funds	\$ 100	\$ -	\$ 100
Total liabilities	100	-	100
NET POSITION			
Unrestricted	815,853	3,321	819,174
Total net position	\$ 815,853	\$ 3,321	\$ 819,174

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

Proprietary Fund Accounts Combining Schedule of Revenues, Expenses, and Changes in Net Position (Modified Cash Basis) – Holdenville Industrial Authority Enterprise Fund - Year Ended June 30, 2023

	<u>HIA Operating</u> <u>Account</u>	<u>HIA Work</u> <u>Release Center</u> <u>Account</u>	<u>Total</u>
OPERATING REVENUES			
Rentals	\$ 9,000	\$ -	\$ 9,000
Telephone and vending commission	43,236	-	43,236
Miscellaneous	-	34,873	34,873
Total operating revenues	<u>52,236</u>	<u>34,873</u>	<u>87,109</u>
OPERATING EXPENSES			
Work center	-	37,550	37,550
Total operating expenses	-	37,550	37,550
Operating income (loss)	<u>52,236</u>	<u>(2,677)</u>	<u>49,559</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	1,136	31	1,167
Miscellaneous revenue	45,891	-	45,891
Total non-operating revenue (expenses)	<u>47,027</u>	<u>31</u>	<u>47,058</u>
Income (loss) before interaccount transfers	<u>99,263</u>	<u>(2,646)</u>	<u>96,617</u>
Interaccount transfers in	-	5,000	5,000
Interaccount transfers out	(5,000)	-	(5,000)
Change in net position	<u>94,263</u>	<u>2,354</u>	<u>96,617</u>
Total net position - beginning	721,590	967	722,557
Total net position - ending	<u>\$ 815,853</u>	<u>\$ 3,321</u>	<u>\$ 819,174</u>

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

Schedule of Expenditures of State Awards (Modified Cash Basis) – For year ended June 30, 2023

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

State Grantor/Pass through agency Grantor/Program Title	Grant Number	Program or Award Amount	Award Expenditures
STATE ASSISTANCE:			
<u>OKLAHOMA DEPARTMENT OF AGRICULTURE:</u>			
Rural Fire Defense Operational Grant	N/A	\$ 10,053	\$ 10,053
<u>OKLAHOMA DEPARTMENT OF LIBRARIES:</u>			
State Aid Grant - 2023	N/A	\$ 8,118	\$ 8,118
<u>Central Oklahoma Economic Development District:</u>			
COEDD - REAP Grant (Oakridge & Tyson Lift Station Rehab)	2021-2022 REAP Fund 04	\$ 49,040	\$ -
 TOTAL STATE ASSISTANCE		<u>\$ 67,211</u>	<u>\$ 18,171</u>

**CITY OF HOLDENVILLE, OKLAHOMA
SINGLE AUDIT REPORTS
AND SUPPLEMENTARY SCHEDULES**

June 30, 2023

CITY OF HOLDENVILLE, OKLAHOMA

Year Ended June 30, 2023

PAGE

SINGLE AUDIT REPORTS AND SUPPLEMENTARY SCHEDULES:

**Reports related to financial statements of the reporting entity
Required by GAO *Government Auditing Standards*:**

Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards* 1

Reports related to Federal Assistance Programs Required by the Uniform Guidance:

Independent Auditor's Report on Compliance for Each Major Program and
on Internal Control over Compliance Required By the Uniform Guidance;
and Report on the Schedule of Expenditures of Federal Awards Required
by the Uniform Guidance 3

Schedule of Expenditures of Federal Awards 6

Notes to the Schedule of Expenditures of Federal Awards 7

Schedule of Findings and Questioned Costs 8

Summary Schedule of Prior Audit Findings and Questioned Costs 11



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and City Council
of the City of Holdenville, 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 Holdenville, Oklahoma (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 27, 2024. Our report included an emphasis of matter paragraph related to the City's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as finding 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Finding

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

Purpose of This Report

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

Arlidge & Associates PC

Edmond, Oklahoma
March 27, 2024





INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE;
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE
UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material

noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

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

The City is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The City's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control over Compliance

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



Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. We did identify a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs at item 2023-002, that we consider to be a material weakness.

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City's basic financial statements. We issued our report thereon dated March 27, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Arlidge & Associates PC

Edmond, Oklahoma
March 27, 2024



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

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal AL Number</i>	<i>Pass-Through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
<i>Other Programs</i>			
Department of Transportation Pass Through the Federal Aviation Administration			
Airport Improvement Program	20.106	Federal Aviation Administration-Rehab Runway - 3-40-0041-003-2019	\$ 15,000
Airport Improvement Program	20.106	Federal Aviation Administration-Runway Lights - 3-40-0041-004-2019	230,193
Airport Improvement Program	20.106	Federal Aviation Administration - 3-40-0041-005-2020	17,371
Airport Improvement Program	20.106	Federal Aviation Administration-Rehab Runway - 3-40-0041-007-2021	4,000
Airport Improvement Program	20.106	Federal Aviation Administration-Rehabilitate Taxiway - 3-40-0041-009-2022	446,058
Total Airport Improvement Program			<u>712,622</u>
<i>Total Department of Transportation</i>			712,622
Department of Housing and Urban Development Pass Through Oklahoma Department of Commerce			
Community Development Block Grants/State's Program and Non- Entitlement Grants in Hawaii	14.228	17805 CDBG 19	166,545
Community Development Block Grants/State's Program and Non- Entitlement Grants in Hawaii	14.228	18476 CD 96	163,600
<i>Total Community Development Block Grants/State's Program and Non- Entitlement Grants in Hawaii</i>			<u>330,145</u>
Total Department of Housing and Urban Development			330,145
Total Other Programs			<u>1,042,766</u>
Total Expenditures of Federal Awards			<u>\$ 1,042,766</u>

The accompanying notes are an integral part of this schedule.

CITY OF HOLDENVILLE, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

NOTE A—BASIS OF PRESENTATION

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

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the modified cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C - INDIRECT COST RATE

The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C—SUBRECIPIENTS

During the year end June 30, 2023, the City did not provide federal awards to subrecipients.

NOTE D—SUBSEQUENT EVENTS

The City has evaluated the effects of all subsequent events from June 30, 2023 through the report date, which is the date the SEFA was available to be issued, for potential recognition or disclosure in this SEFA. No items of significance were determined.

CITY OF HOLDENVILLE, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

Section I--Summary of Auditor's Results

Financial statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

<u>Program</u>	<u>Federal AL Number</u>
Airport Improvement Program	20.106

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

CITY OF HOLDENVILLE, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

Section II-Findings Required to be Reported in Accordance with *Government Auditing Standards*:

A. Internal Control

Finding 2023-001 – Purchasing Process

Criteria: The City’s purchasing procedures should occur through an appropriate workflow and approval process.

Condition: Various departments received invoices for goods purchased or services performed prior to receiving appropriate approvals per the City’s purchasing policies.

Cause and Effect: The City transitioned into a city manager type of government during fiscal year 2023, in connection with the change in political term, a significant change in personnel occurred at the time of transition affecting the City's internal controls. In addition, our audit testing identified 4 out of 25 samples where improper purchasing procedures occurred, whereby invoice dates preceded requisition requests and/or purchase orders. Furthermore, purchase orders were not provided during audit fieldwork for some instances of tested transactions. Therefore, City personnel were not following the appropriate purchasing policy and committed the City to purchases prior to receiving appropriate approvals. As a result of not following the City’s existing internal control procedures, an increased risk of overcommitting funds existed, and potential inefficient spending of City resources was more likely to occur.

Recommendation: We recommend that the City prioritizes ongoing education and training for key staff involved in the purchasing process. This training should emphasize the correct workflow for obtaining approvals to commit City funds prior to receiving an invoice and incurring expenditures.

Management Response: The city agrees with the recommendation. Staff authorized to submit and approve requisitions will be subject to further training in the City’s purchasing process and procedures. Together with additional training, and proper use of software tools, this process is expected to be improved.

B. Compliance Findings

No findings to report under this section.

CITY OF HOLDENVILLE, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

Section III--Findings Required to be Reported in Accordance with the Uniform Guidance:

A. Internal Control

Finding 2023-002 – SF-425 Financial Reporting

Criteria: The code of federal regulations requires that grantees submit accurate, current, and complete disclosure of the financial results of each federal award or program in accordance with the reporting requirements, set forth in § 200.328 and 200.329.

Questioned Costs: None

Condition: The City's internal controls over required reporting requirements were not accurately monitored and reviewed to prevent, or detect and correct the current year's actual federal spending.

Cause and Effect: The City transitioned into a city manager type of government during fiscal year 2023. In connection with the change in political term, a significant change in personnel occurred during the time of transition affecting the City's internal controls. As a result, expenditures reported in the SF-425 financial reports submitted were understated by a total of approximately \$209,000.

Recommendation: We recommend that the City implement policies and procedures to ensure accurate reports are submitted to its respective agencies.

Management Response: The City agrees with the recommendation. Although inaccuracies are mostly due to change in personnel, management will make a greater effort to submit complete and accurate reports.

B. Compliance Findings

See finding 2023-002 above.

CITY OF HOLDENVILLE, OKLAHOMA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

Section II--Findings Required to be Reported in Accordance with *Government Auditing Standards*:

A. Internal Control

There are no prior findings requiring reporting under this section.

B. Compliance Findings

There are no prior findings requiring reporting under this section.

Section III--Findings Required to be Reported in Accordance with the Uniform Guidance:

A. Internal Control

There are no prior findings requiring reporting under this section.

B. Compliance Findings

There are no prior findings requiring reporting under this section.