

**CITY OF  
WEWOKA,  
OKLAHOMA**



**ANNUAL FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

**THE CITY OF WEWOKA,  
OKLAHOMA  
ANNUAL FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORTS**

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

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

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**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and aggregate remaining fund information of the City of Wewoka, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2023, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

#### **Basis for Opinions**

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

#### **Emphasis of Matter—Basis of Accounting**

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

#### **Responsibilities of Management for the Financial Statements**

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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, budgetary comparison information, and combining general fund and non-major fund schedules 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Edmond, Oklahoma  
June 6, 2024



**CITY OF WEWOKA, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2022**

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The management of the City of Wewoka is pleased to provide this annual financial report to its citizens, taxpayers and other report users to demonstrate its accountability and communicate the City's financial condition and activities 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 decreased by \$195,100, and the assets of the City exceed its liabilities at June 30, 2023, by \$2,525,923 (net position). Of this amount, \$827,410 (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 \$1,493,846.

## **ABOUT THE CITY**

- The City of Wewoka is an incorporated municipality with a population of approximately 3,430 located in Seminole County in eastern Oklahoma. The City is a charter city form of government. The City is governed by a five-member Council and operates under state law and City ordinances through the three branches of democratic government:
  - Legislative – the City Council is a five-member governing body elected by the citizens at large
  - Executive – the City Manager is the Chief Executive Officer and is hired by the City Council
  - Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

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

### ***The City's Financial Reporting Entity***

This annual report includes all activities for which the City of Wewoka City Council is financially accountable. These activities, defined as the City's financial reporting entity, are operated within separate legal entities that make up the primary government.



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

- **The City of Wewoka** – an incorporated City that operates the public safety, streets, culture and recreation, economic development and administrative activities of the City – *reported as the primary government*
- **The Wewoka Public Works Authority (WPWA)** – public trust created to operate the water, wastewater, and sanitation services of the City, with the City Council members serving as the trustees – *considered part of the primary government for reporting purposes*
- **The Wewoka Industrial Authority (WIA)** – public trust created to finance, develop and promote industrial development activities of the City, with the City Council members appointing the trustees – *considered part of the primary government for reporting purposes*
- **The Citizens Improvement League of Wewoka (CILOW)** – public trust created to finance, develop and promote improvements in the City, with the City Council members appointing the trustees – *reported as a discretely-presented component unit*

In addition, as required by state law, all debt obligations incurred by the trusts must be approved by two-thirds vote of the City Council. This is considered sufficient imposition of will to demonstrate financial accountability and to include the trust within the City's financial reporting entity. The public trusts do not issue separate annual financial statements.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements presented herein include all of the activities of the City of Wewoka (the "City"), the Wewoka Public Works Authority (the "Public Works Authority"), the Wewoka Industrial Authority (the "Industrial Authority") and the Citizens Improvement League of Wewoka. Included in this report are government-wide statements for each of the three categories of activities – governmental, business-type, and the discretely-presented component unit.

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

### **Reporting the City as a Whole**

#### ***The Statement of Net Position and 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-

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

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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 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 are reported as business-type activities. A third type of activity, that of a discretely presented component unit, is also presented here.

### **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 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.

*Proprietary funds* - When the City, through the Public Works 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. The City's proprietary funds are the Wewoka Public Works Authority that accounts for the operation of the water, sewer, and sanitation activities and the Wewoka Industrial Authority that accounts for the operation of the industrial development activities of the City.

#### **Notes to the Financial Statements**

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 25-43 of this report.

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

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents Budgetary Comparison Schedules for the General Fund and TIF Revenue Fund, combining and individual fund financial statements and schedules, and a schedule of expenditures of federal and state grant 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 decreased \$195,100.

**Net Position (Modified Cash Basis)**  
**June 30, 2023**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Beginning net position	\$ 2,086,594	\$ 634,429	\$ 2,721,023
Increase in net position	(592,748)	397,648	(195,100)
<b>Ending net position</b>	<b><u>\$ 1,493,846</u></b>	<b><u>\$ 1,032,077</u></b>	<b><u>\$ 2,525,923</u></b>

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>		<b>Total Percentage Change</b>
	2023	2022	2023	2022	2023	2022	
Assets	\$ 1,494,675	\$ 2,087,683	\$ 1,122,482	\$ 722,004	\$ 2,617,157	\$ 2,809,687	-7%
<b>Total assets</b>	<u>1,494,675</u>	<u>2,087,683</u>	<u>1,122,482</u>	<u>722,004</u>	<u>2,617,157</u>	<u>2,809,687</u>	-7%
Liabilities	829	1,089	90,405	87,575	91,234	88,664	3%
<b>Total liabilities</b>	<u>829</u>	<u>1,089</u>	<u>90,405</u>	<u>87,575</u>	<u>91,234</u>	<u>88,664</u>	3%
Net position:							
Restricted	1,651,338	1,651,338	47,175	22,119	1,698,513	1,673,457	1%
Unrestricted (deficit)	(157,492)	435,256	984,902	612,310	827,410	1,047,566	-21%
<b>Total net position</b>	<b><u>\$ 1,493,846</u></b>	<b><u>\$ 2,086,594</u></b>	<b><u>\$ 1,032,077</u></b>	<b><u>\$ 634,429</u></b>	<b><u>\$ 2,525,923</u></b>	<b><u>\$ 2,721,023</u></b>	-7%

A portion of the City's net position, \$1,698,513, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$827,410, may be used to meet the government's ongoing needs.

**CITY OF WEWOKA, OKLAHOMA**  
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**Changes in Net Position (Modified Cash Basis)**  
**Year Ended June 30, 2023**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>		<b>Total Percentage Change</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	
<b>Revenues:</b>							
Program revenues:							
Charges for Services	\$ 468,462	\$ 464,864	\$ 2,179,498	\$ 1,924,890	\$ 2,647,960	\$ 2,389,754	11%
Grants & Contributions	116,206	55,875	-	-	116,206	55,875	108%
Capital Grants, Debt Proceeds & Contributions	1,143,405	102,528	345,053	4,229,500	1,488,458	4,332,028	-66%
General Revenues:							
Sales and Use Tax	1,162,640	1,088,152	-	-	1,162,640	1,088,152	7%
Other Taxes	483,590	416,186	-	-	483,590	416,186	16%
Other General Revenues	491,656	507,105	62,296	67,617	553,952	574,722	-4%
<b>Total Revenues</b>	<b>3,865,959</b>	<b>2,634,710</b>	<b>2,586,847</b>	<b>6,222,007</b>	<b>6,452,806</b>	<b>8,856,717</b>	-27%
<b>Program Expenses:</b>							
General Government	\$ 936,508	\$ 570,616	\$ -	\$ -	\$ 936,508	\$ 570,616	64%
Public Safety	1,302,248	1,334,582	-	-	1,302,248	1,334,582	-2%
Highways and Streets	173,961	192,457	-	-	173,961	192,457	-10%
Culture and Recreation	501,852	456,469	-	-	501,852	456,469	10%
Economic Development	75,498	76,118	-	-	75,498	76,118	-1%
Interest on Long-Term Debt	8,969	11,041	-	-	8,969	11,041	-19%
Water	-	-	2,171,386	939,635	2,171,386	939,635	131%
Sewer	-	-	696,312	4,234,171	696,312	4,234,171	-84%
Sanitation	-	-	441,311	370,093	441,311	370,093	19%
Industrial Development	-	-	339,861	586,764	339,861	586,764	-42%
<b>Total Expenses</b>	<b>2,999,036</b>	<b>2,641,283</b>	<b>3,648,870</b>	<b>6,130,663</b>	<b>6,647,906</b>	<b>8,771,946</b>	-24%
Excess (deficiency)	866,923	(6,573)	(1,062,023)	91,344	(195,100)	84,771	-330%
Net Transfers In (Out)	(1,459,671)	35,372	1,459,671	(35,372)	-	-	0%
<b>Increase/(Decrease) in Net Position</b>	<b>\$ (592,748)</b>	<b>\$ 28,799</b>	<b>\$ 397,648</b>	<b>\$ 55,972</b>	<b>\$ (195,100)</b>	<b>\$ 84,771</b>	-330%
Beginning Net Position	2,086,594	2,057,795	634,429	578,457	2,721,023	2,636,252	3%
<b>Ending Net Position</b>	<b>\$ 1,493,846</b>	<b>\$ 2,086,594</b>	<b>\$ 1,032,077</b>	<b>\$ 634,429</b>	<b>\$ 2,525,923</b>	<b>\$ 2,721,023</b>	-7%

## Governmental Activities

The City's governmental activities had an overall decrease in net position of \$592,748.

### Net Revenue (Expense) of Governmental Activities

	<b>Total Expense of Services</b>		<b>% Inc. (Dec.)</b>	<b>Net Revenue (Expense) of Services</b>		<b>% Inc. (Dec.)</b>
	<b>2023</b>	<b>2022</b>		<b>2023</b>	<b>2022</b>	
General government	\$ 936,508	\$ 570,616	64%	\$ 262,627	\$ (411,386)	-164%
Public safety	1,302,248	1,334,582	-2%	(993,522)	(1,027,970)	-3%
Highways and streets	173,961	192,457	-10%	(141,439)	(162,175)	-13%
Culture and recreation	501,852	456,469	10%	(358,352)	(329,326)	9%
Economic development	75,498	76,118	-1%	(31,308)	(76,118)	-59%
Interest on long-term debt	8,969	11,041	-19%	(8,969)	(11,041)	-19%
<b>Total</b>	<b>\$ 2,999,036</b>	<b>\$ 2,641,283</b>	<b>14%</b>	<b>\$ (1,270,963)</b>	<b>\$ (2,018,016)</b>	<b>-37%</b>

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

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**Business-type Activities**

The business-type activities had an increase in net position of \$397,648. This increase is due in part to an increase in charges for services of \$254,608. Capital Grants, debt proceeds and contributions decreased \$3,884,447 mainly due to an issuance of a wastewater utility system revenue note of \$3,780,000 in the prior year. Sewer expenditures decreased \$3,527,669 due to the same wastewater utility system revenue note in the prior year. Water expenditures increased \$1,221,561 due to the Clearwell improvement project in the current year. Transfers in also increased by \$1,424,299 due to the Clearwell improvement project.

**Net Revenue (Expense) of Business-Type Activities**

	<b>Total Expense of Services</b>		<b>% Inc. Dec.</b>	<b>Net Revenue (Expense) of Services</b>		<b>% Inc. Dec.</b>
	<u>2023</u>	<u>2022</u>		<u>2023</u>	<u>2022</u>	
Water	\$ 2,171,386	\$ 939,635	131%	\$ (1,033,623)	\$ (116,848)	785%
Wastewater	696,312	4,234,171	-84%	(64,872)	142,032	-146%
Sanitation	441,311	370,093	19%	109,897	165,910	-34%
Industrial Development	339,861	586,764	-42%	(135,721)	(167,367)	-19%
<b>Total</b>	<u>\$ 3,648,870</u>	<u>\$ 6,130,663</u>	-40%	<u>\$ (1,124,319)</u>	<u>\$ 23,727</u>	-4839%

**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 \$1,493,846. For the year ended June 30, 2023, the governmental funds total fund balance decreased by \$592,748.

**Budgetary Highlights**

For the year ended June 30, 2023, the General Fund reported actual budgetary basis revenues over final estimates by \$136,969 or a 3.9% positive variance. General Fund actual expenditures were under final appropriations by \$163,556 or a 4.2% 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 has been prepared using projected revenues based on collections during FY 2023 and remains relatively consistent with the prior year's budget.

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

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**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, please contact Mark Mosley, City Manager, or Theresa Barkhimer, City Clerk, at 123 S. Mekusukey, Wewoka, Oklahoma 74884 or telephone at 405-257-2413.

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**BASIC FINANCIAL STATEMENTS – STATEMENTS OF NET POSITION AND ACTIVITIES**

**CITY OF WEWOKA, OKLAHOMA**  
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**Statement of Net Position (Modified Cash Basis) – June 30, 2023**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental</b>	<b>Business-type</b>		<b>(CILOW) Citizens</b>
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>	<b>Improvement</b>
<b>ASSETS</b>				<b>League of Wewoka</b>
Cash and cash equivalents	\$ 1,266,977	\$ 1,256,181	\$ 2,523,158	\$ 17,768
Investments	-	93,999	93,999	-
Internal balances	227,698	(227,698)	-	-
Total Assets	1,494,675	1,122,482	2,617,157	17,768
<b>LIABILITIES</b>				
Due to other governments	829	-	829	-
Long-term liabilities:				
Due within one year - utility deposits	-	18,081	18,081	-
Due in more than one year - utility deposits	-	72,324	72,324	-
Total Liabilities	829	90,405	91,234	-
<b>NET POSITION</b>				
Restricted for:				
Street purposes	10,159	-	10,159	-
Cemetery	20,612	-	20,612	-
Public safety	16,681	-	16,681	-
Street purposes	228,455	-	228,455	-
Capital projects	403,594	47,175	450,769	-
Grant	254,590	-	254,590	-
Debt service	118,197	-	118,197	-
Library operations	9,410	-	9,410	-
Library prize	501	-	501	-
TIF projects	515,733	-	515,733	-
Economic development	73,406	-	73,406	-
Park projects	-	-	-	17,768
Unrestricted (deficit)	(157,492)	984,902	827,410	-
Total net position	\$ 1,493,846	\$ 1,032,077	\$ 2,525,923	\$ 17,768

See accompanying notes to the basic financial statements.



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

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants, Debt Proceeds and Contributions	Governmental Activities	Business-type Activities	Total	(CILOW) Citizens Improvement League of Wewoka
<b>Primary government</b>								
Governmental Activities								
General Government	\$ 936,508	\$ 150,845	\$ 26,667	\$ 1,021,623	\$ 262,627	\$ -	\$ 262,627	\$ -
Public Safety	1,302,248	176,891	10,053	121,782	(993,522)	-	(993,522)	-
Highways and Streets	173,961	2,628	29,894	-	(141,439)	-	(141,439)	-
Culture and Recreation	501,852	138,098	5,402	-	(358,352)	-	(358,352)	-
Economic Development	75,498	-	44,190	-	(31,308)	-	(31,308)	-
Interest on Long-term debt	8,969	-	-	-	(8,969)	-	(8,969)	-
Total governmental activities	2,999,036	468,462	116,206	1,143,405	(1,270,963)	-	(1,270,963)	-
Business-type activities:								
Water	2,171,386	792,710	-	345,053	-	(1,033,623)	(1,033,623)	-
Wastewater	696,312	631,440	-	-	-	(64,872)	(64,872)	-
Sanitation	441,311	551,208	-	-	-	109,897	109,897	-
Industrial Development	339,861	204,140	-	-	-	(135,721)	(135,721)	-
Total business-type activities	3,648,870	2,179,498	-	345,053	-	(1,124,319)	(1,124,319)	-
Total primary government	\$ 6,647,906	\$ 2,647,960	\$ 116,206	\$ 1,488,458	(1,270,963)	(1,124,319)	(2,395,282)	-
<b>Component Unit</b>								
Park and Recreation (CILOW)	\$ 8,571	\$ -	\$ -	\$ 10,240				1,669
<b>General revenues:</b>								
Taxes:								
Sales and use tax					1,162,640	-	1,162,640	-
Property taxes					109,177	-	109,177	-
Franchise and public service taxes					147,646	-	147,646	-
Hotel/motel tax					77,871	-	77,871	-
Tax increment financing					148,896	-	148,896	-
Intergovernmental revenue not restricted to specific programs					336,792	-	336,792	-
Investment income					2,730	3,246	5,976	-
Miscellaneous					152,134	59,050	211,184	-
Transfers - Internal activity					(1,459,671)	1,459,671	-	-
Total general revenues and transfers					678,215	1,521,967	2,200,182	-
Change in net position					(592,748)	397,648	(195,100)	1,669
Net position - beginning					2,086,594	634,429	2,721,023	16,099
Net position - ending					\$ 1,493,846	\$ 1,032,077	\$ 2,525,923	\$ 17,768

See accompanying notes to the basic financial statements.

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**BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS**

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

	<u>General Fund</u>	<u>TIF Revenue Fund</u>	<u>DSSC Fund</u>	<u>Capital Improvement Fund</u>	<u>CDBG Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 8,217	\$ 251,941	\$ 285,103	\$ 61,540	\$ 20,488	\$ 639,688	\$ 1,266,977
Due from other funds	302,052	118,379	26,229	462,685	13,334	33,432	956,111
Total assets	<u>310,269</u>	<u>370,320</u>	<u>311,332</u>	<u>524,225</u>	<u>33,822</u>	<u>673,120</u>	<u>2,223,088</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Due to other funds	174,732	-	213	1,684	445,413	106,371	728,413
Due to other governments	604	-	225	-	-	-	829
Total liabilities	<u>175,336</u>	<u>-</u>	<u>438</u>	<u>1,684</u>	<u>445,413</u>	<u>106,371</u>	<u>729,242</u>
Fund balances:							
Restricted	-	370,320	171,804	514,756	-	402,525	1,459,405
Assigned	93,691	-	139,090	7,785	-	176,613	417,179
Unassigned (deficit)	41,242	-	-	-	(411,591)	(12,389)	(382,738)
Total fund balances	<u>134,933</u>	<u>370,320</u>	<u>310,894</u>	<u>522,541</u>	<u>(411,591)</u>	<u>566,749</u>	<u>1,493,846</u>
Total liabilities and fund balances	<u>\$ 310,269</u>	<u>\$ 370,320</u>	<u>\$ 311,332</u>	<u>\$ 524,225</u>	<u>\$ 33,822</u>	<u>\$ 673,120</u>	<u>\$ 2,223,088</u>

See accompanying notes to the basic financial statements.

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

	<u>General Fund</u>	<u>TIF Revenue Fund</u>	<u>DSSC Fund</u>	<u>Capital Improvement Fund</u>	<u>CDBG Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>							
Taxes	\$ 1,038,283	\$ 148,896	\$ -	\$ 272,003	\$ -	\$ 187,048	\$ 1,646,230
Intergovernmental	52,578	-	284,214	-	1,048,290	94,878	1,479,960
Charges for services	333,626	-	-	-	-	4,195	337,821
Fines and forfeitures	72,538	-	-	-	-	-	72,538
Licenses and permits	33,610	-	-	-	-	-	33,610
Investment income	108	-	1,345	664	-	613	2,730
Miscellaneous	131,431	-	-	784	-	76,188	208,403
Total revenues	<u>1,662,174</u>	<u>148,896</u>	<u>285,559</u>	<u>273,451</u>	<u>1,048,290</u>	<u>362,922</u>	<u>3,781,292</u>
<b>EXPENDITURES</b>							
Current:							
General government	504,170	-	-	4,520	-	28	508,718
Public safety	1,150,730	-	-	-	-	-	1,150,730
Highways and streets	117,552	-	-	-	-	28,226	145,778
Culture and recreation	472,199	-	-	-	-	5,792	477,991
Capital outlay	54,971	245,025	-	167,233	1,459,881	151,280	2,078,390
Debt service:							
Principal retirement	137,259	-	-	14,368	-	103,859	255,486
Interest expenditures	8,147	-	-	259	-	7,463	15,869
Total Expenditures	<u>2,445,028</u>	<u>245,025</u>	<u>-</u>	<u>186,380</u>	<u>1,459,881</u>	<u>296,648</u>	<u>4,632,962</u>
Excess (deficiency) of revenues over expenditures	<u>(782,854)</u>	<u>(96,129)</u>	<u>285,559</u>	<u>87,071</u>	<u>(411,591)</u>	<u>66,274</u>	<u>(851,670)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from debt financing	121,782	-	-	-	-	-	121,782
Transfers in	670,035	-	-	8,359	-	-	678,394
Transfers out	(66,067)	(49,284)	(367,000)	(28,903)	-	(30,000)	(541,254)
Total other financing sources (uses)	<u>725,750</u>	<u>(49,284)</u>	<u>(367,000)</u>	<u>(20,544)</u>	<u>-</u>	<u>(30,000)</u>	<u>258,922</u>
Net change in fund balances	(57,104)	(145,413)	(81,441)	66,527	(411,591)	36,274	(592,748)
Fund balances - beginning	192,037	515,733	392,335	456,014	-	530,475	2,086,594
Fund balances - ending	<u>\$ 134,933</u>	<u>\$ 370,320</u>	<u>\$ 310,894</u>	<u>\$ 522,541</u>	<u>\$ (411,591)</u>	<u>\$ 566,749</u>	<u>\$ 1,493,846</u>

See accompanying notes to the basic financial statements.

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**BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS**

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

	<b>Wewoka Public Works Authority</b>	<b>Wewoka Industrial Authority</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 942,673	\$ 266,333	\$ 1,209,006
Investments	3,594	-	3,594
Restricted:			
Cash and cash equivalents	47,097	78	47,175
Investments	90,405	-	90,405
Due from other funds	41,427	64,088	105,515
Total assets	<u>1,125,196</u>	<u>330,499</u>	<u>1,455,695</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Due to other funds	299,099	34,114	333,213
Deposits subject to refund	18,081	-	18,081
Total current liabilities	<u>317,180</u>	<u>34,114</u>	<u>351,294</u>
Non-current liabilities:			
Deposits subject to refund	72,324	-	72,324
Total non-current liabilities	<u>72,324</u>	<u>-</u>	<u>72,324</u>
Total liabilities	<u>389,504</u>	<u>34,114</u>	<u>423,618</u>
<b>NET POSITION</b>			
Restricted for capital projects	47,097	78	47,175
Unrestricted	688,595	296,307	984,902
Total net position	<u>\$ 735,692</u>	<u>\$ 296,385</u>	<u>\$ 1,032,077</u>

See accompanying notes to the basic financial statements.

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

	<b>Wewoka Public Works Authority</b>	<b>Wewoka Industrial Authority</b>	<b>Total</b>
<b>REVENUES</b>			
Water	\$ 767,504	\$ -	\$ 767,504
Sewer	611,362	-	611,362
Sanitation	533,680	-	533,680
Auto meter surcharge	29,490	-	29,490
Penalties	33,322	-	33,322
Rental fees	-	204,140	204,140
Golf cart revenue	-	12,885	12,885
Total operating revenues	<u>1,975,358</u>	<u>217,025</u>	<u>2,192,383</u>
<b>OPERATING EXPENSES</b>			
Administration	197,917	-	197,917
Water plant	335,319	-	335,319
Sanitation	268,518	-	268,518
Disposal plant	153,535	-	153,535
Distribution	421,321	-	421,321
Industrial development	-	40,283	40,283
Total Operating Expenses	<u>1,376,610</u>	<u>40,283</u>	<u>1,416,893</u>
Operating income	<u>598,748</u>	<u>176,742</u>	<u>775,490</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest and investment revenue	2,855	391	3,246
Note payments income:			
Return of principal	20,000	38,749	58,749
Miscellaneous revenue	301	-	301
Capital outlay	-	(71,480)	(71,480)
Debt proceeds	295,053	-	295,053
Debt service:			
Principal retirement	(183,091)	(192,256)	(375,347)
Interest expense	(115,382)	(35,842)	(151,224)
Total non-operating revenue (expenses)	<u>19,736</u>	<u>(260,438)</u>	<u>(240,702)</u>
Income (loss) before transfers	<u>618,484</u>	<u>(83,696)</u>	<u>534,788</u>
Transfers in	8,253	143,398	151,651
Transfers out	<u>(288,791)</u>	<u>-</u>	<u>(288,791)</u>
Change in net position	<u>337,946</u>	<u>59,702</u>	<u>397,648</u>
Total net position - beginning	<u>397,746</u>	<u>236,683</u>	<u>634,429</u>
Total net position - ending	<u>\$ 735,692</u>	<u>\$ 296,385</u>	<u>\$ 1,032,077</u>

See accompanying notes to the basic financial statements.

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

	<b>Wewoka Public Works Authority</b>	<b>Wewoka Industrial Authority</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 1,975,358	\$ 217,025	\$ 2,192,383
Payments to suppliers	(711,350)	(40,283)	(751,633)
Payments to employees	(665,260)	-	(665,260)
Receipts of customer meter deposits	14,133	-	14,133
Refunds of customer meter deposits	(11,303)	-	(11,303)
Other receipts	80,436	36,417	116,853
<b>Net cash provided by operating activities</b>	<u>682,014</u>	<u>213,159</u>	<u>895,173</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	8,253	143,398	151,651
Transfers to other funds	(288,791)	-	(288,791)
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>(280,538)</u>	<u>143,398</u>	<u>(137,140)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital outlay	-	(71,480)	(71,480)
Debt proceeds	295,053	-	295,053
Principal paid on debt	(183,091)	(192,256)	(375,347)
Interest paid on debt	(115,382)	(35,842)	(151,224)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(3,420)</u>	<u>(299,578)</u>	<u>(302,998)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	2,855	391	3,246
Sale (Purchase) of investments	(469)	-	(469)
<b>Net cash provided by investing activities</b>	<u>2,386</u>	<u>391</u>	<u>2,777</u>
<b>Net increase in cash and cash equivalents</b>	400,442	57,370	457,812
<b>Balances - beginning of year</b>	589,328	209,041	798,369
<b>Balances - end of year</b>	<u>\$ 989,770</u>	<u>\$ 266,411</u>	<u>\$ 1,256,181</u>
<b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents	\$ 942,673	\$ 266,333	\$ 1,209,006
Restricted cash and cash equivalents - current	47,097	78	47,175
<b>Total cash and cash equivalents, end of year</b>	<u>\$ 989,770</u>	<u>\$ 266,411</u>	<u>\$ 1,256,181</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ 598,748	\$ 176,742	\$ 775,490
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Lease payments income	20,000	38,749	58,749
Miscellaneous income	301	-	301
Change in assets and liabilities:			
Due from other funds	60,531	(3,104)	57,427
Due to other funds	(396)	772	376
Meter deposit liability	2,830	-	2,830
<b>Net cash provided by operating activities</b>	<u>\$ 682,014</u>	<u>\$ 213,159</u>	<u>\$ 895,173</u>

See accompanying notes to the basic financial statements.



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**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 Wewoka), two blended component units and one discretely presented component unit as follows:

- **The City of Wewoka** – an incorporated City that operates the public safety, streets, culture and recreation, economic development and administrative activities of the City – *reported as the primary government*
- **The Wewoka Public Works Authority (WPWA)** – public trust created to operate the water, wastewater, and sanitation services of the City, with the City Council members serving as the trustees, *a blended component unit, considered part of the primary government*
- **The Wewoka Industrial Authority (WIA)** – public trust created pursuant to finance, develop and promote industrial development activities of the City, with the City Council members serving as the trustees, *a blended component unit, considered part of the primary government*
- **The Citizens Improvement League of Wewoka (CILOW)** – public trust created to finance, develop and promote improvements in the City, with the City Council members appointing the trustees – *reported as a discretely-presented component unit*

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "*The Financial Reporting Entity*", as amended by Statement 61.

The component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. A Public Trust (Authority) has 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 the Public Trusts are dissolved.

As required by state law, all debt obligations incurred by the above 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. The public trusts do not issue separate annual financial statements.

**B. Basis of Presentation and Accounting**

*Government-Wide Financial Statements:*

The statements 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 only the adjustments for the following balances arising from cash transactions:

- cash-based interfund receivables and payables
- other cash-based receivables/payables
- investments
- utility deposit liabilities

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

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

- General government: License and permits, rents, and operating grants
- Public safety: Fine revenue, ambulance fees, fire runs, operating grants and capital grants
- Streets and highways: Gas excise and commercial vehicle taxes, street light surcharge
- Culture and recreation: Recreation fees, operating grants and capital grants
- Economic development: Donations for golf course improvements
- Cemetery: Lot sales and interments

Business-type activities are also reported on a modified cash basis.

*Fund Financial Statements:*

The funds of the financial reporting entity are described below.

*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
- TIF Revenue Fund – accounts for the tax increments collected and paid to the tax increment district to facilitate the financing of eligible project costs as outlined in Economic Development Project Plan

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- Capital Improvement Fund – a capital project fund that accounts for funds received and expended for major capital projects
- 2014 G.O. Bond Capital Project Fund – a capital project fund that accounts for funds received and expended for general obligation bond activity
- CDBG Fund – a capital project fund that accounts for revenues and expenditures related to CDBG grants

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

**Special Revenue Funds:**

- Street and Alley Fund – accounts for revenues from gasoline and vehicle taxes used for street maintenance
- Library Grant Fund – accounts for library grant revenues and expenditures
- Fire Department Grant Fund – accounts for fire department grant revenues and expenditures
- Library Prize Fund – accounts for library donation revenues and expenditures
- DSSC Fund – accounts for revenues and expenses related to Arts Council and OAC local government grants, along with green fee sales tax receipts and disbursements
- Senior Citizen Fund – accounts for revenues and expenditures related to CENA grants
- Economic Development Fund – a special revenue fund that accounts for activities specifically related to development of new and existing business activities that further economic development of the community
- Police-DA Seizure Fund – accounts for the county shared seizure and related grant monies and expenditures

**Capital Project Fund:**

- Cemetery Fund – accounts for cemetery revenues restricted for capital and maintenance
- REAP Grant Fund – accounts for the revenues and expenditures related to REAP grants

**Debt Service Fund:**

- Debt Service Fund (Sinking Fund) - accounts for ad-valorem taxes levied by the City for use in retiring General Obligation debt

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The governmental funds are reported on a modified cash basis of accounting. Only current financial assets and liabilities resulting from cash transactions are 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 include the following:

- Wewoka Public Works Authority (WPWA) – accounts for the operation of the water, wastewater, and sanitation activities
- Wewoka Industrial Authority (WIA) – accounts for operations to finance, develop and promote industrial development activities

The proprietary funds are also reported on the 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.

All the above noted governmental funds are legally required to adopt annual budgets or appropriations. The public trusts (or Authorities) are not required to adopt legal annual appropriations. While each trust develops an annual budget, it is for financial management purposes and does not constitute legal appropriations.

**C. Cash, Cash Equivalents, and Investments**

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

**D. Capital Assets and Depreciation**

Due to the use of the modified cash basis of accounting as described in Note 1B, capital assets and related depreciation are not reported in the financial statements, and are reported as expenditures or expenses when purchased.

**E. Long-Term Debt**

Due to the use of the modified cash basis of accounting as described in Note 1B, long-term debt obligations are not reported in the financial statements. However, the amount of long-term debt issued and outstanding at the end of the fiscal year is reported as a commitment in Note 11.

**F. Compensated Absences**

As a result of the use of the modified cash basis of accounting, as described in Note 1B, 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 11.

**G. Fund Balances and Net Position**

*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.

*Fund Balance:*

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 (1) not in spendable form or (2) 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. The City's highest level of decision-making authority is made by ordinance. Currently, the City has no committed fund balance.
- 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.

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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.

**H. Internal and Interfund Balances and Transfers**

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

**2. Deposits and Investments**

For the year ended June 30, 2023, the City recognized \$5,976 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>Primary Government</u>	<u>Carrying Value</u>
Deposits:	
Demand deposits	\$ 2,523,158
Time deposits - certificates of deposit	93,999
<b>Total Deposits and Investments</b>	<u><u>\$ 2,617,157</u></u>
 <b>Reconciliation to Statement of Net Position:</b>	
Cash and cash equivalents	\$ 2,523,158
Investments	93,999
	<u><u>\$ 2,617,157</u></u>
 <u>Component Unit</u>	
Citizens Improvement League of Wewoka:	
Demand deposits	<u><u>\$ 17,768</u></u>

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

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*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's deposits were fully collateralized and thus not exposed to custody credit risk.

*Investment Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City has no investment policy that limits investments based on maturity. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments, where applicable.

*Investment Credit Risk* - The City has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investments in: (1) full faith and credit, direct obligations of the U. S. Government, its agencies and instrumentalities, and the State of Oklahoma and certain mortgage insured federal debt; (2) certificates of deposit or savings accounts that are either insured or secured with acceptable collateral; (3) negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations; (4) county, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district; and (5) government money market funds regulated by the SEC. These investment limitations do not apply to the City's public trusts.

As of June 30, 2023, the City was not exposed to investment credit risk as defined above.

*Concentration of Investment Credit Risk* - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City has no investment policy regarding concentration of credit risk.

At June 30, 2023, the City had no concentration of credit risk as defined above.

*Restricted Cash and Investments* – The amounts reported as restricted assets on the statement of net position are comprised of amounts restricted for utility deposits and capital project accounts. The restricted assets as of June 30, 2023 are as follows:

<u>Type of Restricted Assets</u>	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Total</u>
Utility Deposits	\$ -	\$ 90,405	\$ 90,405
Capital Project Accounts	47,175	-	47,175
Total Restricted Assets	<u>\$ 47,175</u>	<u>\$ 90,405</u>	<u>\$ 137,580</u>



### **3. Note Receivable**

#### Expanded Solutions, LLC

The City of Wewoka, Oklahoma, acting through its Public Works and Industrial Authorities, has entered into various agreements with Expanded Solutions, LLC, Wewoka, Oklahoma. Under terms of these agreements, the Industrial Authority has purchased real property and improvements from Expanded Solutions, LLC. The proceeds from this purchase, along with other funds, were used by Expanded Solutions, LLC to make substantial upgrades and improvements to the property. The Industrial Authority has also agreed to sell back the same property to Expanded Solutions, LLC under terms of a twenty-year note. Note payments of \$1,667 commenced July 1, 2008, and are due the first day of each month thereafter with final payment due June 1, 2026. Funds for these transactions were provided by a contract with the Oklahoma Department of Commerce contract number 10992 ED 87. The balance outstanding on this note at June 30, 2023 was \$71,667.

The City of Wewoka, Oklahoma, acting through its Industrial Authority, has entered into an agreement with Blaine Butner, manager of the golf pro shop to purchase golf pro shop merchandise. Under terms of this agreement, the borrower has received and promises to pay back to the Wewoka Industrial Authority the principal sum of \$5,000 with accrued interest in monthly installments of \$118.55. The merchandise will be considered the security or collateral to this note. The balance outstanding on this note at June 30, 2023 was \$2,985.

Since the City reports on a modified cash basis of accounting, note receivables are not reported in the financial statements.

### **4. Sales Tax Revenue**

Sales tax revenue represents a four-cent tax on each dollar of taxable sales within the City.

- Ord. 266 – 1 cent levied for general operations
- Ord. 315 – 1 cent levied for general operations
- Ord. 346 – 1 cent levied for various purposes as follows: 10% for economic development, 20% for general operations, 20% for capital outlay/equipment, 25% for capital improvements to the water and sewer systems, and 25% for capital improvements to the street system.
- Ord. 451 – 1 cent levied for various purposes as follows: 50% for general operations, 20% for capital improvements to the water and sewer systems, 20% for capital outlay/equipment, and 10% for economic development.

Therefore, 2.9 cents are recorded in the General Fund of which 2.7 cents is retained and .2 cents are transferred to the Industrial Authority for economic development, and 1.1 cents recorded in the Capital Improvement Fund (.40 cent for equipment, .45 cent for water and sewer, and .25 cent for streets).

**5. Property Tax Levy**

Under State law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by voters and any court-assessed judgments.

At the present time the City levies a property tax to fund the annual debt service requirements of general obligation bonds outstanding.

The property tax levy, as determined by the City's debt service needs, is submitted to the County Excise Board for approval. County assessors determine the taxable value of real estate and personal property in the County. A State Board of Equalization hears complaints on real estate values with the power to equalize assessments. Under present State law, the ratio of assessed value to true value cannot be less than 11 percent nor more than 13½ percent.

Property taxes levied by the City are billed and collected by the County Treasurer's Office and remitted to the City in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October. Property taxes levied, but not collected during the year or within 60 days of year-end are reported as deferred revenue.

For the year ended June 30, 2023, the City's net assessed valuation of taxable property was \$9,179,462. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended June 30, 2023 was \$11.30.

**6. Customer Deposits**

Refundable customer deposits reported as a liability within the Statement of Net Position are comprised of utility deposits payable.

Current	\$18,081
Noncurrent	<u>72,324</u>
	<u>\$90,405</u>

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**7. Schedule of Transfers Between Funds and Legal Entities**

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

Due From	Due To	Amount	Nature of Balance
General Fund	Library Grant Fund	\$ 279	Deposited to wrong fund
General Fund	Street and Alley Fund	1,201	Deposited to wrong fund
General Fund	Cemetery Care	250	Deposited to wrong fund
General Fund	DSSC Fund	6,686	Green fee sales tax deposited to wrong fund
General Fund	DSSC Fund	11,763	Reimbursement of ARPA grant expenses
General Fund	WIA Fund	48,712	Loan agreement
General Fund	WIA Fund	3,105	Deposited to wrong fund
General Fund	Economic Development Fund	11,116	Deposited to wrong fund
General Fund	TIF Fund	53,629	Deposited to wrong fund
General Fund	Capital Improvement Fund	18,131	Sales tax revenue not yet transferred
General Fund	WIA	3,259	Sales tax revenue not yet transferred
General Fund	Debt Service Fund	6,626	Deposited to wrong fund
Police Dept Special Account	Capital Improvement Fund	9,975	Expenses to be reimbursed
CDBG Fund	Capital Improvement Fund	411,591	Negative cash
CDBG Fund	Capital Improvement Fund	11,334	Negative cash
REAP Grant Fund	Capital Improvement Fund	11,036	Negative cash
Senior Citizens Fund	Capital Improvement Fund	618	Negative cash
Capital Improvement Fund	REAP Grant Fund	808	Expenses to be reimbursed
Fire Department Grant Fund	General Fund	9,459	Expenses to be reimbursed
CDBG Fund	General Fund	2,000	Reclassification to fund
CDBG Fund	CDBG Covid Fund	13,334	Deposited to wrong fund
WPWA Fund	General Fund	149,805	Deposited to wrong fund
WPWA Fund	General Fund	139,123	Surcharges
Senior Citizens Fund	General Fund	1,543	Expenses in wrong fund
Capital Improvement Fund	Cemetery Care Fund	306	Deposited to wrong fund
Capital Improvement Fund	Cemetery Care Fund	570	Debt activity
Debt Service Fund	TIF Fund	64,750	Deposited to wrong fund
WIA Fund	WPWA Fund	13,334	Lease payments
CDBG Fund	WPWA Fund	7,154	Grant reimbursement not yet made
Cemetery Care Fund	Meter Deposit	150	Deposited to wrong fund
Cemetery Care Fund	WPWA Fund	16	Deposited to wrong fund
WPWA Fund	Debt Service Fund	327	Expenses to be reimbursed
DSSC Fund	WIA Fund	213	Expenses to be reimbursed
Economic Development	WIA Fund	8,799	Expenses to be reimbursed
WPWA Fund	DSSC Fund	7,780	Expenses to be reimbursed
WPWA Fund	Street and Alley Fund	1,942	Deposited to wrong fund
WIA Fund	WPWA Fund	4,809	Water meter loan payment
WIA Fund	WPWA Fund	1,720	June 2013 sales tax revenue deposited to wrong accou
WIA Fund	WPWA Fund	14,244	Deposited to wrong fund
Court Fund	WPWA Fund	122	Deposited to wrong Account
WIA Fund	Library Grant Fund	7	Deposited to wrong fund
2014 GO Bond Capital Project Fund	Debt Service Fund	10,000	Expenses to be reimbursed
Total		<u>\$ 1,061,626</u>	

**Reconciliation to Fund Financial Statements:**

	Due From	Due To	Net Internal Balances
Governmental Funds	\$ 956,111	\$ (728,413)	\$ 227,698
Proprietary Funds	105,515	(333,213)	(227,698)
Total	<u>\$ 1,061,626</u>	<u>\$ (1,061,626)</u>	<u>\$ -</u>

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Transfers between legal entities are comprised of the following:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Nature of Transfer</u>
General Fund	WIA	\$ 49,455	Sales tax transfer
General Fund	WPWA	8,253	Debt payments
General Fund	Capital Improvement Fund	8,359	Expense in wrong fund
Capital Improvement Fund	General Fund	4,244	Debt payments
TIFF Revenue Fund	WIA	49,284	Debt payments
Debt Service Fund	General Fund	367,000	Reimburse expenses related to COV
WPWA	General Fund	23,861	Debt payments
WPWA	General Fund	244,930	Operating subsidy
WPWA	WIA	20,000	Debt payments
WIA	General Fund	30,000	Debt payments
WIA	Capital Improvement Fund	24,659	Debt payments
		<u>\$ 830,045</u>	

**Reconciliation:**

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 678,394	\$ (541,254)	\$ 137,140
Proprietary Funds	151,651	(288,791)	(137,140)
Total	<u>\$ 830,045</u>	<u>\$ (830,045)</u>	<u>\$ -</u>

**Reconciliation to Statement of Activities:**

	<u>Net Transfers</u>
Net Transfers	\$ (137,140)
Business-type activities from governmental funds	1,596,811
Total Transfers - Internal Activity	<u>\$ 1,459,671</u>

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## 8. Fund Equity and Net Position

The following tables show the fund balance classifications as shown in the Governmental Funds Balance Sheet:

	General Fund	TIF Revenue Fund	DSSC Fund	Capital Improvement Fund	CDBG Fund	Other Governmental Funds	Total
Fund Balance:							
Restricted For:							
Street Capital Projects	\$ -	\$ -	\$ -	\$ 247,783	\$ -	\$ -	\$ 247,783
Water/Sewer Capital Projects	-	-	-	201,700	-	-	201,700
Capital Projects	-	-	-	65,273	-	182,536	247,809
Economic Development	-	-	-	-	-	45,779	45,779
Street and Alley	-	-	-	-	-	11,827	11,827
Fire Department	-	-	-	-	-	26,602	26,602
Police Department	-	-	-	-	-	132	132
Seminole Nation Museum	-	-	171,804	-	-	-	171,804
Library	-	-	-	-	-	10,410	10,410
Cemetery Capital Outlay	-	-	-	-	-	4,793	4,793
TIF District	-	370,320	-	-	-	-	370,320
Debt Service	-	-	-	-	-	120,446	120,446
Sub-total Restricted	-	370,320	171,804	514,756	-	402,525	1,459,405
Assigned to:							
Insurance Loss	20,173	-	-	-	-	-	20,173
Capital Projects	-	-	-	7,785	-	-	7,785
Economic Development	-	-	-	-	-	163,499	163,499
Street and Alley	-	-	-	-	-	290	290
Seminole Nation Museum	-	-	139,090	-	-	-	139,090
Next year's budget	73,518	-	-	-	-	-	73,518
Cemetery Capital Outlay	-	-	-	-	-	11,131	11,131
Debt Service	-	-	-	-	-	1,693	1,693
Sub-total Assigned	93,691	-	139,090	7,785	-	176,613	417,179
Unassigned (deficit)	41,242	-	-	-	(411,591)	(12,389)	(382,738)
Total Fund Balance	\$ 134,933	\$ 370,320	\$ 310,894	\$ 522,541	\$ (411,591)	\$ 566,749	\$ 1,493,846

## 9. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The City manages these various risks of loss by securing commercial insurance for all risks, except for participation in the Oklahoma Municipal Assurance Group risk entity pool for certain coverage. Management believes such insurance coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past four fiscal years.

## **10. Employee Retirement Plan Participation**

The City participates in three employee retirement plans:

1. Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
2. Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
3. Oklahoma Public Employees Retirement System (OPERS) – a statewide cost-sharing plan

### *OFPRS:*

*Plan Summary Information:* The City of Wewoka, as the employer, participates in the Firefighters Pension & retirement—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (OFPRS). The OFPRS provides defined retirement benefits based on members' final average compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon death of eligible members. Pursuant to the requirements of Title 11, section 22-102, the City must participate in the plan if they employ full-time or volunteer firefighters. The City has no responsibility or authority for the operation or administration of the pension program, nor has it any related liability, except for the current contribution requirements.

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

*Funding Policy:* The City is required by state law to contribute 14% of covered payroll per year for each fulltime firefighter. The City, pays 3% of the employee portion while the employees contribute 6% for a total of 9% of covered payroll. For volunteer firefighters, the City is required to contribute \$60 per year per volunteer, while there is no required contribution by the volunteer. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The amount contributed for volunteer firefighters totaled \$180 for the current fiscal year.

### **Schedule of Retirement Plan Contributions OFPRS Cost-Sharing Plan**

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2021	\$43,535	\$43,535
2022	\$49,494	\$49,494
2023	\$51,331	\$51,331

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*OPPRS:*

*Plan Summary Information:* The City of Wewoka, as the employer, participates in the Oklahoma Police Pension and Retirement Plan—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). The OPPRS 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 a certain number of fulltime police officers. The City has no responsibility or authority for the operation or administration of the pension program, nor has it any related liability, except for the current contribution requirements.

The OPPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

OPPRS  
1001 N.W. 63<sup>rd</sup> St., Suite 305  
Oklahoma City, OK 73116-7335

*Funding Policy:* The City is required by state law to contribute 13% of covered payroll per year for each police officer. The City pays 3% of the employee portion while the employees contribute 5%, for a total of 8% of covered payroll. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OPPRS contributions are as follows:

**Schedule of Retirement Plan Contributions OPPRS Cost-Sharing Plan**

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2021	\$21,861	\$21,861
2022	\$28,347	\$28,347
2023	\$26,084	\$26,084

*OPERS:*

*Plan Summary Information:* The City has provided a defined benefit plan for all of its full-time employees with the exception of the fire and police department, through Oklahoma Public Employees Retirement System (OPERS). The City, as employer, contributes 16.5% of the employee's gross wages while the employees' contribute 3.5%. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. For the year ended June 30, 2023, the City contributed \$125,774 to the plan, while the employee contributions totaled \$26,712.

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.

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The OPERS contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
2021	\$116,960	\$116,960
2022	\$117,601	\$117,601
2023	\$125,774	\$125,774

## 11. 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 Due July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Due June 30, 2023</u>	<u>Amount Due Within One Year</u>
<i>Governmental Activities:</i>					
General obligation debt	\$ 200,000	\$ -	\$ 100,000	\$ 100,000	\$ 100,000
Notes Payable (direct borrowings)	248,988	121,783	177,035	193,736	77,710
Total Governmental Activities	<u>\$ 448,988</u>	<u>\$ 121,783</u>	<u>\$ 277,035</u>	<u>\$ 293,736</u>	<u>\$ 177,710</u>
<i>Business-Type Activities:</i>					
Notes Payable (direct borrowings)	<u>4,574,098</u>	<u>295,053</u>	<u>646,539</u>	<u>4,222,612</u>	<u>284,178</u>
Total Business-Type Activities	<u>\$ 4,574,098</u>	<u>\$ 295,053</u>	<u>\$ 646,539</u>	<u>\$ 4,222,612</u>	<u>\$ 284,178</u>

#### *Governmental Activities:*

At June 30, 2023, the governmental long-term debt of the financial reporting entity consisted of the following:

#### *General Obligation Debt:*

2014 General obligation bonds through Bank of Oklahoma, interest payable semi-annually, principal installments of \$100,000 due annually each March 1, interest ranging from 3.0% to 3.4%, final payment due March 1, 2024. \$ 100,000

Current portion \$100,000  
Total General Obligation Debt \$ 100,000



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*Notes Payable (direct borrowings):*

Note payable to Security State Bank of Wewoka in the amount of \$6,845, payable in monthly installments of \$308, including principal and interest at 7.5%, final payment due March 8, 2025. The note is secured with the equipment. In the event of default, the lender may: 1) Declare the entire principal outstanding immediately due and payable (accelerate indebtedness); 2) Legal action if necessary; 3) Make a claim for any and all insurance benefits or refunds that may be available; 4) Assemble Collateral; 5) Repossess collateral.	6,048
Note payable to Sterlington Medical in the amount of \$107,301, payable in annual installments of \$22,879, including principal and interest at 3.0%, final payment due January 5, 2024. The note is secured with the equipment. In the event of default, the lender may: 1) Declare the entire principal outstanding immediately due and payable (accelerate indebtedness); 2) Legal action if necessary; 3) Make a claim for any and all insurance benefits or refunds that may be available; 4) Assemble Collateral; 5) Repossess collateral.	22,204
Note payable to First National Bank in the amount of \$32,143, payable in monthly installments of \$582, including principal and interest at 3.25%, final payment due August 20, 2025. The note is secured with the equipment. In the event of default, the lender may: 1) Declare the entire principal outstanding immediately due and payable (accelerate indebtedness); 2) Assemble Collateral; 3) Repossess collateral; 4) Terminate agreement; 5) Take legal action if necessary.	13,946
Note payable to First National Bank in the amount of \$29,059, payable in monthly installments of \$526, including principal and interest at 3.25%, final payment due August 20, 2025. The note is secured with the equipment. In the event of default, the lender may: 1) Declare the entire principal outstanding immediately due and payable (accelerate indebtedness); 2) Assemble Collateral; 3) Repossess collateral; 4) Terminate agreement; 5) Take legal action if necessary.	13,113
Note payable to First United Bank in the amount of \$31,790, payable in monthly installments of \$575, including principal and interest at 3.2%, final payment due October 20, 2025. The note is secured with the equipment. In the event of default, the lender may: 1) Declare the entire principal outstanding immediately due and payable (accelerate indebtedness); 2) Assemble Collateral; 3) Repossess collateral; 4) Terminate agreement; 5) Take legal action if necessary. This lease is currently being paid by the County.	16,045
Note payable to First United Bank in the amount of \$18,570, payable in monthly installments of \$336, including principal and interest at 3.2%, final payment due October 20, 2025. The note is secured with the equipment. In the event of default, the lender may: 1) Declare the entire principal outstanding immediately due and payable (accelerate indebtedness); 2) Assemble Collateral; 3) Repossess collateral; 4) Terminate agreement; 5) Take legal action if necessary.	9,020
Note payable to First United Bank in the amount of \$20,170, payable in monthly installments of \$365, including principal and interest at 3.2%, final payment due October 20, 2025. The note is secured with the equipment. In the event of default, the lender may: 1) Declare the entire principal outstanding immediately due and payable (accelerate indebtedness); 2) Assemble Collateral; 3) Repossess collateral; 4) Terminate agreement; 5) Take legal action if necessary.	10,182

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Note payable to Security State Bank of Wewoka in the amount of \$4,106, payable in monthly installments of \$188, including principal and interest at 9.0%, final payment due June 16, 2025. The note is secured with the equipment. In the event of default, the lender may: 1) Declare the entire principal outstanding immediately due and payable (accelerate indebtedness); 2) Legal action if necessary; 3) Make a claim for any and all insurance benefits or refunds that may be available; 4) Assemble Collateral; 5) Repossess collateral. 4,106

Note payable to Security State Bank of Wewoka in the amount of \$110,831, payable in monthly installments of \$2,094, including principal and interest at 5.0%, final payment due July 11, 2027. The note is secured with the equipment. In the event of default, the lender may: 1) Declare the entire principal outstanding immediately due and payable (accelerate indebtedness); 2) Legal action if necessary; 3) Make a claim for any and all insurance benefits or refunds that may be available; 4) Assemble Collateral; 5) Repossess collateral. 94,300

Note payable to Security State Bank of Wewoka in the amount of \$8,207, payable in monthly installments of \$187, including principal and interest at 4.5%, final payment due September 24, 2025. The note is secured with the equipment. In the event of default, the lender may: 1) Declare the entire principal outstanding immediately due and payable (accelerate indebtedness); 2) Legal action if necessary; 3) Make a claim for any and all insurance benefits or refunds that may be available; 4) Assemble Collateral; 5) Repossess collateral. 4,772

Total Notes Payable	<u>\$ 193,736</u>
Current portion	77,710
Noncurrent portion	116,026
Total Notes Payable	<u>\$ 193,736</u>

*Business-Type Activities:*

At June 30, 2023, the business-type activities long-term debt of the financial reporting entity consisted of the following:

*Notes Payable: Direct Borrowings*

Note payable to First National Bank of Wewoka dated February 18, 2014, original amount of \$267,000, due in monthly installments of \$1,876, with an annual interest rate of 3.25%, final payment due February 18, 2029. Proceeds will be used for completion of the OFM building. In the event of default, the lender may: 1) declare due and payable all liabilities and obligations of borrower to lender and 2) exercise any and all rights and remedies possessed by lender. \$121,924

Note payable to First National Bank of Wewoka dated October 28, 2016, original amount of \$601,057, due in annual installments of \$56,219, with an annual interest rate of 4.5%, final payment due May 30, 2029. Proceeds will be used to build new road and road improvements. In the event of default, the lender may: 1) exercise any and all rights and remedies possessed by lender; 2) accelerate the payment of principal and interest accrued on the note; 3) make a claim for any and all insurance benefits or refunds that may be available; and 4) set-off any amount due and payable under the terms of the note. 318,387

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Note payable to Security State Bank of Wewoka, dated January 20, 2023, original amount of \$23,861, due in monthly installments of \$474, with an annual interest rate of 7.00%, final payment due January 20, 2028. Proceeds will be used for backhoe repairs. In the event of default, the lender may: 1) exercise any and all rights and remedies possessed by lender; 2) accelerate the payment of principal and interest accrued on the note; 3) make a claim for any and all insurance benefits or refunds that may be available; and 4) set-off any amount due and payable under the terms of the note.

22,906

Note payable to Security State Bank of Wewoka, dated May 9, 2018, original amount of \$55,000, due in monthly installments of \$585, with an annual interest rate of 5.08%, final payment due May 9, 2028. Proceeds will be used to purchase commercial real estate. In the event of default, the lender may: 1) exercise any and all rights and remedies possessed by lender; 2) accelerate the payment of principal and interest accrued on the note; 3) make a claim for any and all insurance benefits or refunds that may be available; and 4) set-off any amount due and payable under the terms of the note.

29,819

Note payable to Oklahoma Department of Commerce, dated July 1, 2008, original amount of \$400,000, due in monthly installments of \$1,667, final payment due June 1, 2026. Proceeds will be used for plant expansion and renovation. In the event of default, the lender may: 1) exercise any and all rights and remedies possessed by lender and 2) declare the entire amount unpaid immediately due and payable.

59,975

Note payable to First United Bank of Wewoka dated October 25, 2019, original amount of \$55,100, due in monthly installments of \$1,048, with an annual interest rate of 3.24%, final payment due September 1, 2024. Proceeds will be used for the purchase of a Durapatcher road repair machine for the city of Wewoka. In the event of default, the lender may: 1) exercise any and all rights and remedies possessed by lender; 2) accelerate the payment of principal and interest accrued on the note; and 3) collect and sell the collateral.

15,617

Note payable to First National Bank of Wewoka dated August 10, 2020, original amount of \$30,732, due in monthly installments of \$557, with an annual interest rate of 3.25%, final payment due August 20, 2025. Proceeds will be used for the purchase of a Ford F250 Truck. In the event of default, the lender may: 1) exercise any and all rights and remedies possessed by lender; 2) accelerate the payment of principal and interest accrued on the note; 3) make a claim for any and all insurance benefits or refunds that may be available; and 4) set-off any amount due and payable under the terms of the note.

13,937

Note payable to First United Bank of Wewoka dated August 15, 2019, original amount of \$79,971, due in monthly installments of \$1,067, with an annual interest rate of 3.24%, final payment due August 15, 2026. Proceeds will be used for the purchase of a Bobcat John Deere for the city of Wewoka. In the event of default, the lender may: 1) exercise any and all rights and remedies possessed by lender; 2) accelerate the payment of principal and interest accrued on the note; and 3) collect and sell the collateral.

36,047

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2023 Utility system revenue note through Bank of Oklahoma, original amount of \$3,780,000, payable semi-annually, fixed principal installments ranging from \$87,000 to \$141,000 due semiannually each November 1 and May 1, with an annual interest rate of 3.1%, final payment due May 1, 2039. 3,604,000

\$ 4,222,612

Current portion	284,178
Noncurrent portion	<u>3,938,434</u>
Total Notes Payable	<u>\$ 4,222,612</u>

*Payment Requirements to Maturity:*

Year Ended June 30,	<u>Governmental Activities</u>		<u>Business-Type Activities</u>			
	<u>G.O. Bond Obligations</u>		<u>Notes Payable (Direct borrowings)</u>		<u>Notes Payable (Direct borrowings)</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	100,000	3,019	77,710	2,746	284,178	142,890
2025	-	-	56,858	841	283,497	134,776
2026	-	-	31,078	37	284,597	124,667
2027	-	-	24,269	-	260,356	114,408
2028	-	-	3,821	-	267,888	103,994
2029-2033	-	-	-	-	1,281,096	371,273
2034-2038	-	-	-	-	1,281,000	156,098
2039-2040	-	-	-	-	280,000	6,568
Total	<u>\$ 100,000</u>	<u>\$ 3,019</u>	<u>\$ 193,736</u>	<u>\$ 3,624</u>	<u>\$ 4,222,612</u>	<u>\$ 1,154,674</u>

*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 \$56,324 for governmental activities and \$22,934 for business-type activities.

*Litigation:*

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.

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*Federal and State Award Programs:*

The City of Wewoka participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements.

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**SUPPLEMENTAL AND OTHER INFORMATION**

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

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ 293,850	\$ 365,386	\$ 179,621	\$ (185,765)
<b>Resources (Inflows):</b>				
Taxes	923,064	913,064	988,828	75,764
Intergovernmental	55,649	55,649	52,578	(3,071)
Charges for services	421,903	371,903	333,626	(38,277)
Fines and Forfeitures	101,920	101,920	72,538	(29,382)
Licenses and Permits	22,310	22,310	33,610	11,300
Investment Income	900	900	108	(792)
Miscellaneous	322,610	322,610	147,174	(175,436)
Other Financing Sources - Transfers In	1,755,068	1,725,068	2,021,931	296,863
<b>Total Resources</b>	<b>3,603,424</b>	<b>3,513,424</b>	<b>3,650,393</b>	<b>136,969</b>
<b>Amounts available for appropriation</b>	<b>3,897,274</b>	<b>3,878,810</b>	<b>3,830,014</b>	<b>(48,796)</b>
<b>Charges to Appropriations (Outflows):</b>				
General government:				
Managerial	182,862	173,978	166,460	7,518
City Clerk	183,236	172,936	167,967	4,969
General Government	393,388	428,202	375,166	53,036
Public safety:				
Police	609,104	628,622	579,303	49,319
Fire	692,430	641,419	608,247	33,172
Parks, Library and Recreation:				
Public lands	232,023	182,338	176,535	5,803
Golf	221,921	236,021	254,782	(18,761)
Library	99,957	92,457	84,884	7,573
Highways & Streets:				
Streets	138,540	128,234	117,552	10,682
Public Works:				
Sanitation	212,000	212,000	268,518	(56,518)
Water plant	318,581	348,581	335,319	13,262
Disposal Plant	159,236	163,236	153,535	9,701
Distribution	453,996	470,786	426,986	43,800
<b>Total Charges to Appropriations</b>	<b>3,897,274</b>	<b>3,878,810</b>	<b>3,715,254</b>	<b>163,556</b>
<b>Ending Budgetary Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 114,760</b>	<b>\$ 114,760</b>

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

	TIF REVENUE FUND			
	Budgeted Amounts		Actual Amounts	Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance</b>	\$ 75,000	\$ 75,000	\$ 515,733	\$ 440,733
<b>Resources (Inflows):</b>				
Taxes	98,000	98,000	148,896	50,896
Investment income	50	50	-	(50)
Miscellaneous	-	225,000	-	(225,000)
<b>Total Resources</b>	<u>98,050</u>	<u>323,050</u>	<u>148,896</u>	<u>(174,154)</u>
<b>Amounts available for appropriation</b>	<u>173,050</u>	<u>398,050</u>	<u>664,629</u>	<u>266,579</u>
<b>Charges to appropriations (outflows):</b>				
Economic Development	173,050	173,050	245,025	(71,975)
Transfers out	-	49,284	49,284	-
<b>Total Charges to Appropriations</b>	<u>173,050</u>	<u>222,334</u>	<u>294,309</u>	<u>(71,975)</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ -</u>	<u>\$ 175,716</u>	<u>\$ 370,320</u>	<u>\$ 194,604</u>

**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. For budgetary comparison purposes, the City considers all encumbrances to lapse at year-end, therefore encumbrances are not considered expenditures for budgetary comparison purposes. However, the City will re-appropriate these lapsed encumbrances in the subsequent year budget. In addition, capital leases and debt proceeds are not budgeted for revenues and any related capital expenditures not directly received by the City. The differences are summarized below:

	<u>General Fund</u>
Actual revenues, transfers and proceeds per Statement of Revenues,	
Expenditures and Changes in Fund Balance	\$2,453,991
Add: Reclass of public works activity to the PWA (transfer in)	1,375,396
Less: Insurance Loss Account revenues	(7,757)
Transfer of sales tax to WIA	(49,455)
Proceeds from debt	(121,782)
Total budgetary amounts resources available for appropriation	<u>\$3,650,393</u>
Actual expenditures and transfers per Statement of Revenues,	
Expenditures and Changes in Fund Balance	\$2,511,095
Add: Reclass of public works activity to the PWA	1,375,396
Less: Proceeds from debt	(121,782)
Transfer of sales tax to WIA	(49,455)
Total budgetary charges to appropriations	<u>\$3,715,254</u>

2. The legal level of appropriation control is the department level within a fund. Transfer appropriations require the Mayor's approval and supplemental appropriations require City Council's approval.

3. The City had the following over expenditures in the following funds and departments:

- General Fund – Sanitation \$56,518
- TIF Revenue Fund – Economic Development \$71,975



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

	General Fund	Insurance Loss Account	Court Account	Police Dept Special Account	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ (47,246)	\$ 20,173	\$ 25,315	\$ 9,975	\$ 8,217
Due from (to) Court Account	24,833	-	(24,833)	-	-
Due from other funds	301,930	-	122	-	302,052
Total assets	<u>\$ 279,517</u>	<u>\$ 20,173</u>	<u>\$ 604</u>	<u>\$ 9,975</u>	<u>\$ 310,269</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Due to other funds	\$ 164,757	\$ -	\$ -	\$ 9,975	\$ 174,732
Payable to other governments	-	-	604	-	604
Total liabilities	<u>164,757</u>	<u>-</u>	<u>604</u>	<u>9,975</u>	<u>175,336</u>
Fund balances:					
Assigned	73,518	20,173	-	-	93,691
Unassigned	41,242	-	-	-	41,242
Total fund balances	<u>114,760</u>	<u>20,173</u>	<u>-</u>	<u>-</u>	<u>134,933</u>
Total liabilities and fund balances	<u>\$ 279,517</u>	<u>\$ 20,173</u>	<u>\$ 604</u>	<u>\$ 9,975</u>	<u>\$ 310,269</u>

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

	General Fund	Insurance Loss Account	Court Account	Police Dept Special Account	Total
<b>REVENUES</b>					
Taxes	\$ 1,038,283	\$ -	\$ -	\$ -	\$ 1,038,283
Intergovernmental	52,578	-	-	-	52,578
Charges for services	333,626	-	-	-	333,626
Fines and forfeitures	72,538	-	-	-	72,538
Licenses and permits	33,610	-	-	-	33,610
Investment income	108	-	-	-	108
Miscellaneous	123,674	7,757	-	-	131,431
Total revenues	<u>1,654,417</u>	<u>7,757</u>	<u>-</u>	<u>-</u>	<u>1,662,174</u>
<b>EXPENDITURES</b>					
Current:					
General Government	504,170	-	-	-	504,170
Public Safety	1,150,730	-	-	-	1,150,730
Highways and Streets	117,552	-	-	-	117,552
Culture and recreation	472,199	-	-	-	472,199
Capital Outlay	54,971	-	-	-	54,971
Debt Service:					
Principal	137,259	-	-	-	137,259
Interest and other charges	8,147	-	-	-	8,147
Total Expenditures	<u>2,445,028</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,445,028</u>
Excess (deficiency) of revenues over expenditures	<u>(790,611)</u>	<u>7,757</u>	<u>-</u>	<u>-</u>	<u>(782,854)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from debt	121,782	-	-	-	121,782
Transfers in	670,035	-	-	-	670,035
Transfers out	(66,067)	-	-	-	(66,067)
Total other financing sources (uses)	<u>725,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>725,750</u>
Net change in fund balances	(64,861)	7,757	-	-	(57,104)
Fund balances - beginning	179,621	12,416	-	-	192,037
Fund balances - ending	<u>\$ 114,760</u>	<u>\$ 20,173</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134,933</u>

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**Combining Balance Sheet – Non-major Governmental Funds (Modified Cash Basis) – June 30, 2023**

	Special Revenue Funds					
	Street and Alley Fund	Library Grant Fund	Fire Department Grant Fund	Library Prize Fund	Senior Citizens Fund	Economic Development Fund
ASSETS						
Cash and cash equivalents	\$ 8,974	\$ 9,308	\$ 36,061	\$ 816	\$ -	\$ 206,961
Due from other funds	3,143	286	-	-	-	11,116
Total assets	<u>\$ 12,117</u>	<u>\$ 9,594</u>	<u>\$ 36,061</u>	<u>\$ 816</u>	<u>\$ -</u>	<u>\$ 218,077</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Due to other funds	\$ -	\$ -	\$ 9,459	\$ -	\$ 2,161	\$ 8,799
Total liabilities	<u>-</u>	<u>-</u>	<u>9,459</u>	<u>-</u>	<u>2,161</u>	<u>8,799</u>
Fund balances:						
Restricted	11,827	9,594	26,602	816	-	45,779
Assigned	290	-	-	-	-	163,499
Unassigned (deficit)	-	-	-	-	(2,161)	-
Total fund balances	<u>12,117</u>	<u>9,594</u>	<u>26,602</u>	<u>816</u>	<u>(2,161)</u>	<u>209,278</u>
Total liabilities and fund balances	<u>\$ 12,117</u>	<u>\$ 9,594</u>	<u>\$ 36,061</u>	<u>\$ 816</u>	<u>\$ -</u>	<u>\$ 218,077</u>

	Special Revenue Funds	Capital Project Funds			Debt Service Fund	Total Other Governmental Funds
	Police-DA Seizure Fund	Cemetery Fund	REAP Grant	2014 GO Bond Capital Project Fund		
<b>ASSETS</b>						
Cash and cash equivalents	\$ 132	\$ 14,964	\$ -	\$ 192,536	\$ 169,936	\$ 639,688
Due from other funds	-	1,126	808	-	16,953	33,432
Total assets	<u>\$ 132</u>	<u>\$ 16,090</u>	<u>\$ 808</u>	<u>\$ 192,536</u>	<u>\$ 186,889</u>	<u>\$ 673,120</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Due to other funds	\$ -	\$ 166	\$ 11,036	\$ 10,000	\$ 64,750	\$ 106,371
Total liabilities	<u>-</u>	<u>166</u>	<u>11,036</u>	<u>10,000</u>	<u>64,750</u>	<u>106,371</u>
Fund balances:						
Restricted	132	4,793	-	182,536	120,446	402,525
Assigned	-	11,131	-	-	1,693	176,613
Unassigned (deficit)	-	-	(10,228)	-	-	(12,389)
Total fund balances	<u>132</u>	<u>15,924</u>	<u>(10,228)</u>	<u>182,536</u>	<u>122,139</u>	<u>566,749</u>
Total liabilities and fund balances	<u>\$ 132</u>	<u>\$ 16,090</u>	<u>\$ 808</u>	<u>\$ 192,536</u>	<u>\$ 186,889</u>	<u>\$ 673,120</u>

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

	Special Revenue Funds					
	Street and Alley Fund	Library Grant Fund	Fire Department Grant Fund	Library Prize Fund	Senior Citizens Fund	Economic Development Fund
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,871
Intergovernmental	29,894	3,186	10,053	-	1,745	-
Charges for services	-	-	-	-	-	-
Investment income	18	-	-	2	-	267
Miscellaneous	-	158	-	313	-	75,717
Total revenues	29,912	3,344	10,053	315	1,745	153,855
<b>EXPENDITURES</b>						
Current:						
General Government	-	-	-	-	-	-
Highways and streets	28,226	-	-	-	-	-
Culture and recreation	-	3,160	-	-	2,632	-
Capital outlay	-	-	-	-	-	75,498
Debt Service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Total Expenditures	28,226	3,160	-	-	2,632	75,498
Excess (deficiency) of revenues over expenditures	1,686	184	10,053	315	(887)	78,357
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	-	-	-	-	-	(30,000)
Total other financing sources and uses	-	-	-	-	-	(30,000)
Net change in fund balances	1,686	184	10,053	315	(887)	48,357
Fund balances - beginning	10,431	9,410	16,549	501	(1,274)	160,921
Fund balances - ending	\$ 12,117	\$ 9,594	\$ 26,602	\$ 816	\$ (2,161)	\$ 209,278

	Special Revenue Funds	Capital Project Funds			Debt Service Fund	Total-Other Governmental Funds
	Police-DA Seizure Fund	Cemetery Fund	REAP Grant	2014 GO Bond Capital Project Fund		
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 109,177	\$ 187,048
Intergovernmental	-	-	50,000	-	-	94,878
Charges for services	-	4,195	-	-	-	4,195
Investment income	-	30	-	164	132	613
Miscellaneous	-	-	-	-	-	76,188
Total revenues	-	4,225	50,000	164	109,309	362,922
<b>EXPENDITURES</b>						
Current:						
General Government	-	-	-	-	28	28
Highways and streets	-	-	-	-	-	28,226
Culture and recreation	-	-	-	-	-	5,792
Capital outlay	-	15,592	60,190	-	-	151,280
Debt Service:						
Principal	-	3,859	-	-	100,000	103,859
Interest and other charges	-	563	-	-	6,900	7,463
Total Expenditures	-	20,014	60,190	-	106,928	296,648
Excess (deficiency) of revenues over expenditures	-	(15,789)	(10,190)	164	2,381	66,274
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	-	-	-	-	-	(30,000)
Total other financing sources and uses	-	-	-	-	-	(30,000)
Net change in fund balances	-	(15,789)	(10,190)	164	2,381	36,274
Fund balances - beginning	132	31,713	(38)	182,372	119,758	530,475
Fund balances - ending	\$ 132	\$ 15,924	\$ (10,228)	\$ 182,536	\$ 122,139	\$ 566,749

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

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

<b>Federal/State Grantor/Pass through agency Grantor/Program Title</b>	<b>Federal AL Number</b>	<b>Agency or Pass Thru Number</b>	<b>Program or Award Amount</b>	<b>Contract Expenditures</b>
<b>FEDERAL AWARDS:</b>				
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>				
Water & Waste Disposal Systems for Rural Communities-Grant	10.760	RUS # 00-05	\$ 939,400	\$ -
Total U.S. Department of Agriculture			939,400	-
<u>U.S. DEPARTMENT OF TREASURY:</u>				
Coronavirus State and Local Fiscal Recovery	21.027	ARPA	565,775	336,000
Total U.S Department of Treasury			565,775	336,000
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>				
Passed through Oklahoma Department of Commerce:				
Community Development Block Grant	14.228	18214 CDBG 20	450,000	425,000
Community Development Block Grant-Econ Development	14.228	18354 CDBG 21	40,000	26,667
Community Development Block Grant-Utility Assistance	14.228	18516 CDBGCR 20	80,000	46,668
Sub-total CFDA 14.228			570,000	498,335
<b>TOTAL FEDERAL AWARDS</b>			<b>\$ 2,075,175</b>	<b>\$ 834,335</b>

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

<b>Federal/State Grantor/Pass through agency Grantor/Program Title</b>	<b>Agency or Pass Thru Number</b>	<b>Program or Award Amount</b>	<b>Contract Expenditures</b>
<b>STATE AWARDS:</b>			
<b>OKLAHOMA DEPARTMENT OF AGRICULTURE:</b>			
Operational Fire Grant 18-19	N/A	4,000	200
Operational Fire Grant 19-20	N/A	4,642	4,642
Operational Fire Grant 20-21	N/A	4,826	4,826
Operational Fire Grant 21-22	N/A	4,763	4,763
Operational Fire Grant 22-23	N/A	10,053	10,053
<b>COEDD:</b>			
2021-2022 REAP Fund	N/A	50,000	50,000
2022-2023 CENA Fund	N/A	1,502	1,502
<b>OKLAHOMA DEPARTMENT OF LIBRARIES:</b>			
State Aid Grant-2023	N/A	3,160	3,160
<b>TOTAL STATE AWARDS</b>		<b>\$ 82,946</b>	<b>\$ 79,146</b>

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

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

**June 30, 2023**

# CITY OF WEWOKA, OKLAHOMA

Year Ended June 30, 2023

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## 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 <i>Government Auditing Standards</i>	1
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#### **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	2
Schedule of Expenditures of Federal Awards	5
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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 Wewoka, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wewoka, 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 June 6, 2024.

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

**Purpose of This Report**

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

Edmond, Oklahoma  
June 6, 2024



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

To the Honorable Mayor and Members of the City Council  
City of Wewoka, Oklahoma

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

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

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

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control over Compliance**

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

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

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 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. We issued our report thereon dated June 6, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion 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.

*Arledge & Associates PC*

Edmond, Oklahoma  
June 6, 2023



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

<i>Award Information</i>	<i>AL/other #</i>	<i>Pass-Through Entity Name</i>	<i>Grant #</i>	<i>Federal Expenditures</i>
<b><i>Other Programs (Treated individually for major program determination)</i></b>				
Department of Housing and Urban Development Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii		Oklahoma Department of Commerce	18214 CDBG 20	\$425,000
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Oklahoma Department of Commerce	18354 CDBG 21	26,667
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Oklahoma Department of Commerce	18516 CDBGCR 20	46,668
Total Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii				<u>498,335</u>
Total Department of Housing and Urban Development Department of the Treasury				498,335
Coronavirus State and Local Fiscal Recovery Funds		Office of Management and Enterprise Services		
Coronavirus State and Local Fiscal Recovery Funds	21.027			<u>336,000</u>
Total Coronavirus State and Local Fiscal Recovery Funds				<u>336,000</u>
Total Department of the Treasury				<u>336,000</u>
Total Other Programs (Treated individually for major program determination)				<u>834,335</u>
Total Expenditures of Federal Awards				<u><u>\$834,335</u></u>

The accompanying notes are an integral part of this schedule.

## **CITY OF WEWOKA, OKLAHOMA**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** **Year Ended June 30, 2023**

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#### **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, a comprehensive basis of accounting other than generally accepted accountings standards. 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. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The expenditures are recorded upon the disbursement of funds that meet federal award requirements.

#### **NOTE C - INDIRECT COST RATE**

The City does not have an indirect cost rate and had no indirect costs charged to the federal grants during the year ended June 30, 2023. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

#### **NOTE D—SUBRECIPIENTS**

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

#### **NOTE E - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the report date, the date on which the report on schedule of expenditures of federal awards required by the uniform guidance were available to be issued. No items of significance were determined.

**CITY OF WEWOKA, OKLAHOMA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year Ended June 30, 2023**

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**Section I--Summary of Auditor's Results**

*Financial statements*

Type of auditor's report issued on whether the financial statements  
were in accordance with GAAP:

*Unmodified*

Internal control over financial reporting:

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

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?  
reported ☐ yes ☒ none

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:

Federal AL Number  
21.027

Name of Federal Program or Cluster  
Coronavirus State and Local Fiscal Recovery Funds

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

Auditee qualified as low-risk auditee? ☐ yes ☒ no

**CITY OF WEWOKA, OKLAHOMA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2023**

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

**A. Internal Control**

*There are no findings requiring reporting under this section.*

**B. Compliance Findings**

*There are no 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 findings requiring reporting under this section.*

**B. Compliance Findings**

*There are no findings requiring reporting under this section.*

**CITY OF WEWOKA, OKLAHOMA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2023**

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

**A. Internal Control**

*None noted in prior year audit.*

**B. Compliance Findings**

*None noted in prior year audit.*

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

**A. Internal Control**

*No matters to report.*

**B. Compliance Findings**

*No matters to report.*